

REBUILDING SYRIA

THE MIDDLE EAST'S NEXT POWER GAME?

edited by **Eugenio Dacrema** and **Valeria Talbot**
introduction by **Paolo Magri**



ISPI

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Edited by Eugenio Dacrema and Valeria Talbot
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Introduction

Over the last eight years the Syrian conflict has developed into one of the worst humanitarian tragedies of modern times. More than half a million victims, 5 million refugees abroad and 6 million internally displaced: the figures only capture part of Syria's catastrophe. In addition, there is all the less quantifiable damage to the country's social fabric. For almost a decade entire generations have been partly or wholly deprived of good-quality education, and many of the country's more educated young people have moved away; those who remain have gone through the horrors of exacerbated polarisation and sectarianism, growing poverty and ruthless violence, while most Syrian refugees abroad have had to endure dramatic living conditions for many years, along with growing intolerance from the host communities.

Against this backdrop, the aim of this Report is not to describe how the old Syria could be restored. Instead, it examines the country's evolution since 2011 and explores the paths it might take in future when the conflict ends. The Report tries to answer a few crucial questions: How can a country whose society has gone through such trauma and destruction reimagine itself and its future? What conditions would allow the return of those Syrians who were forced to leave their homes? What are the regional and international dynamics that will shape Syria's future? What are the roles and interests of external players?

As Eugenio Dacrema explains in the Report's first chapter, recognising the damage to Syria's social fabric caused by this

conflict raises one essential question from the start: what does “reconstruction” mean in the Syrian context? The very word “reconstruction” makes us think about a process meant to bring a situation back to a previous, more desirable state. In the case of Syria, we are invited to consider a process aimed at bringing the country back to its pre-war situation. In fact, most of the cost estimates by international institutions such as the World Bank and the UN are predicated on this idea: how much would it cost to rebuild Syria as it was in 2010? However, such an approach can be misleading, especially for a country that has been going through a ferocious eight-year civil war, for civil wars of such ferocity and length have throughout history had profound effects on society. They trigger huge transformations that deeply affect the post-war situation; and the Syrian conflict is no exception. The very fact that the Syrian regime has managed to remain in power almost intact should be carefully pondered. Although the political structure of the Syrian state has not changed, everything else has. Dacrema describes the deep changes which have occurred throughout the region with the emergence of a new political rift between those governments (Turkey and Qatar) which supported the popular uprisings of the Arab Spring (especially their Islamist components), and others (Saudi Arabia and the UAE) that have been struggling to defend the *status quo*. This new political divide cuts across the older one between Iran and Saudi Arabia, creating new alliances and tensions across the Middle East. Furthermore, the partial eclipse of US influence in the region has opened a vacuum that has been occupied by new international actors such as Russia.

These changes at regional and international level have had profound effects on the course of the Syrian conflict: by prolonging and exacerbating it, they have been key factors in determining the level of human and physical destruction. Joseph Daher's chapter provides a detailed description of the damage caused by conflict. It narrates the measures taken to date by the regime and its allies and explains the plans and estimates prepared by national and international organisations for Syria's reconstruction.

Daher also describes the changes in the Syrian domestic economy during the conflict, as new powerbrokers were thrown up by the war economy and powerful new businessmen and warlords came to the fore alongside the dominant tycoons of the pre-war period such as Assad's cousin Rami Makhlouf.

In this context, a crucial question should be raised: who is going to foot the bill for the country's reconstruction? The World Bank has estimated the damage at \$200bn, while the UN Economic and Social Commission for West Asia (ESCWA) forecasts that the total cost of restoring the country to its 2010 condition will be almost \$400bn. These are huge figures, and it is hard to imagine such resources being found quickly or easily; but developments on the ground are already raising urgent questions about how Syria is to be rebuilt, and who will pay.

To tackle such questions Julien Barnes-Dacey explores the power politics that have developed around Syrian reconstruction. For instance, while the Assad regime has shown considerable resilience and seems likely to remain in power for the foreseeable future it lacks the means to rebuild the country on its own. Its main allies, Russia and Iran, are not endowed with the kind of financial resources needed for a significant contribution; and indeed, they have already started jockeying for position to profit as much as possible from reconstruction contracts and from exploiting the country's limited natural resources. As for the West, the EU and US have imposed sanctions designed to hobble Assad's war machine and obstruct any attempts at reconstruction without a political resolution involving some sort of power-sharing, together with guarantees for the opposition and the refugees abroad. Until now, sanctions have proved effective in blocking attempts to involve European money or European companies in the reconstruction plans. They have also slowed the attempted rapprochement between the Syrian regime and the UAE/Saudi Arabian axis (which since the end of 2018 has significantly altered its approach towards Syria) and dissuaded those countries from offering more towards reconstruction. With Western powers and wealthy Arab states out

of the picture – at least for the moment – Damascus has been looking elsewhere for support, for example to friendly emerging powers such as China. Despite Assad's efforts to court Beijing, though, the Chinese authorities have so far given only cautious and general undertakings.

Besides, neighbouring countries such as Jordan and Lebanon have already begun to position themselves to benefit from the process. Bachar El-Halabi's chapter describes attempts by Jordan and Lebanon to attract foreign investment and act as hubs for future economic operations in Syria. Amman and Beirut have been strengthening relations with the Assad regime and planning infrastructure to improve connections from their ports and industrial areas to Syrian territory. So far, however, such efforts have given very poor results: the continuing uncertainty over Syria's reconstruction has discouraged foreign interest and investment in Jordanian and Lebanese infrastructure, not to mention the repatriation of Syrian refugees present in the two countries.

Meanwhile Turkey has been consolidating its presence in the northern Syrian territories it occupied in 2017 and 2018. In her chapter Valeria Talbot describes the strategies that Ankara has deployed over the last two years to consolidate its control over those areas and to build local institutions rivalling the Syrian regime and controlled by its own proxies in the country. Although each of the main parties to the conflict has pledged to preserve the unity of Syria, Turkey's presence in the north may ultimately lead to partition if no diplomatic compromise is reached.

Finally, Kholoud Mansour's chapter tackles the issue of those Syrians who fled their homes during the conflict to find refuge either abroad or in other parts of Syria. More than 5 million people are currently living in neighbouring countries or in Europe, and even more are internally displaced within Syria. The numbers of refugees taken in by Lebanon, Jordan, and Turkey are huge, especially by comparison with their populations and the size of their economies. Lebanon now has more refugees per capita than any other country in the world, about one refugee to

every 3.5 inhabitants. To illustrate what that means we should imagine Italy taking in 18 million refugees in less than a decade. Jordan comes second, with approximately one refugee for every eight inhabitants, and Turkey has been hosting more than 3.5 million Syrians during one of the most difficult periods for its economy. Despite their efforts, the authorities in all three countries have struggled to provide good living conditions for all these people, and Syrian refugees, especially the poorer families, have suffered lower living standards as well as increasing intolerance from the host communities. Yet the prospects for their return to Syria remain grim: surveys conducted among refugee communities in several host countries show that most of them have no intention of going back in the foreseeable future. The lack of economic prospects plays an important role in that attitude, as does the destruction of their houses, neighbourhoods or villages. For that reason an effective and extensive intervention to rebuild the country and its economy might prove an important pull factor in the repatriation of Syrian refugees. However, surveys also show that even now Syrians abroad are still more worried about their security once back home than about economic considerations. The surveys agree that the primary obstacles in the way of their return are the lack of accountability in the regime's behaviour and the unavailability of any trustworthy security guarantees. This problem can hardly be resolved without a credible political process based on power-sharing and the rule of law, but neither of these seems a likely development given the current situation on the ground.

As the authors of this ISPI Report highlight, the key question about Syria is not how reconstruction can take the country back to 2010. Rather, it would be wise to investigate how the rebuilding process can avoid becoming a continuation of the civil war by other means and instead become a tool for forging a new, inclusive and prosperous society for all Syrians.

Paolo Magri
ISPI Executive Vice President and Director

1. Syria in the New Middle East: The Fate of a War-Torn Country

Eugenio Dacrema

When we talk about reconstruction we usually mean a process aimed at bringing a situation back to a previous state; this is implied by the etymology of the word itself (from the Latin “*re-construere*” – “to rebuild something together”), and its implications are not a matter of mere semantics: most of the studies and evaluations on Syria reconstruction circulating in recent years are based on this very idea. They aim to answer questions such as: how can Syria’s society and economy be brought back to their pre-war condition? How many housing units have been destroyed, and how many should be rebuilt to accommodate the entire Syrian population? How many hospitals and schools? How many factories? And, most importantly, how much will all this cost?

However widespread, such an approach is highly problematic in light of one simple yet dramatic truth: the country many of us knew before 2011 cannot really be brought back. Eight years and more of repression, war, death, displacement, polarisation, sectarianism, terrorism, foreign intervention, social and geographical fragmentation and physical destruction can hardly be fixed and forgotten in a few years – or even a few decades, as the examples of Lebanon and Iraq have shown us. On the contrary, what we have witnessed during this long crisis is an ongoing process of transformation that is expected to alter forever the very idea of Syria as a country. The government in Damascus

may not have changed. But make no mistake: everything else has. Structural change at regional and global level has gone so deep that we may say the old familiar Middle East has gone, along with the international order we had been used to since the end of the Cold War. These transformations continue and are crucial in shaping the Syrian crisis even now.

This chapter analyses those changes and outlines their effects on the present and future evolution of the Syrian conflict. It is divided in two parts, the first describing the regional and international developments of the last eight years and how they led to the current situation. The second part considers their implications for the main domestic, regional and global actors and their strategies for the reconstruction process.

The Syrian Conflict in the New Regional and International Order

The Syria conflict has undergone several transformations in its eight-year history. The initial phase saw peaceful protest proliferate throughout the country. Then, as these were repressed with violence, they gradually turned into an armed insurgency led in the first place by army deserters. Later, new players came on the scene: foreign money and foreign fighters infiltrated the opposition ranks, in most cases supporting its more radical elements, while foreign Shia irregulars owing allegiance to Iran joined Assad's forces, exacerbating the sectarian character of the Syrian state. Finally, the ethnic mobilisation of the Kurdish minority in the north led that part of the country to seek self-governance, independent of the Syrian regime and the armed opposition alike.

The first half of the conflict involved mainly Syrian and regional powers such as Iran, Turkey, Qatar and Saudi Arabia; but global powers came to the fore during the second half, as foreign armies began to be actively engaged in the country. In 2014 the US air force started bombing Syrian territory as part of a coalition against the Islamic State (IS); Russian military intervention

on the Syrian government's side came in September 2015; and, finally, Turkey occupied some north-western portions of Syrian territory in 2016 and 2018.

The Syrian crisis began in 2011 as another "Arab Spring" uprising; but it evolved in its own specific way and turned first into a civil conflict and then a proxy war among regional and global powers. It has had massive consequences, not only for the country itself but also for its regional neighbours through the disruption of trade, the spread of terrorist organisations, and, above all, through the influx of millions of refugees into the bordering countries of Turkey, Jordan, and Lebanon.

Over recent years experts have offered various explanations for the unique course taken by the Syrian crisis. Many, for instance, have suggested that the peculiar structure of the Syrian state played a major role, by making it impossible for the national army to act independently and sack the ruling dictator as in Tunisia and Egypt¹. Another important factor often stressed is Syria's special political position within the region: certain regional powers have been particularly keen to influence the Syrian uprising in order to deprive Iran of a key ally in the Levant, while Tehran and its allies, for their part, have been willing to invest significant resources in keeping Assad in power².

Although these are all valid points we shall not fully comprehend why the Syrian crisis lasted so long – and why the regime has survived despite the many domestic and foreign forces arrayed against it – unless we look beyond the specific characteristics of the Syria's domestic and regional policies, and realize that the peculiar course of the Syrian civil war has in fact been the result of radical regional and global transformations over the last decade. As Tomasi di Lampedusa would say, everything had to change – globally and regionally, as well as

¹ K. Selvik, "Roots of fragmentation: The army and regime survival in Syria", CMI Chr Michelsen Institute, 2014.

² R.G. Khouri, *The Implications of the Syrian War for New Regional Orders in the Middle East*, MENARA Working Papers, no.12, September 2018.

within Syrian society itself – so that everything could stay the same – so that the Assad regime could remain in power, seemingly almost intact.

Old and New Rifts in the Region

One key to the evolution of the Syrian crisis is the country's special role (both before and during the conflict) in the political divisions, old and new, that characterize Middle Eastern politics: the 30-year-long contest between Saudi Arabia and Iran for regional hegemony (popularly seen through a sectarian lens as the “Sunni/Shia divide”) and the more recent regional rivalry between, on the one hand, Turkey, Qatar and other supporters of the 2011 uprisings – and especially of factions linked to the international Muslim Brotherhood – and, on the other hand, the “reactionary alliance” led by Saudi Arabia and the United Arab Emirates (UAE). The Assad regime has benefited from an ambivalent position in both divides, and this can now be seen as part of the explanation for its survival.

The old rift: the long cold war
between Iran and Saudi Arabia

Assad's Syria has always had a clear role within the traditional power game that has dominated Middle Eastern politics over the last three decades. Iran and Saudi Arabia have been engaged in a cold war ever since a popular uprising toppled the Shah in 1979 and brought to power a new regime dominated by Shia clerics. Iran's revolution marked the end of the secular Panarabist ideologies of the 1950s and 1960s and the rise of Islamism in the political discourse of most Middle Eastern countries³. Over the following years it inspired a surge of Islamist movements far beyond Iran's borders, across the Middle East and throughout the

³ G. Kepel, *Jihad. The Trial of Political Islam*, Cambridge, MA, Harvard College, 2002.

Muslim world. For example, in Tunisia the militant Movement of Islamic Tendency – the ancestor of today’s Ennahda Party – was inspired by the events in Iran⁴, as was the Islamic Jihad movement in Palestine, the first serious Islamist competition for the secular Fatah and the forerunner of Hamas, founded a few years later⁵.

The popular uprising in Iran, culminating in a semi-democratic Islamic regime, was immediately viewed with grave concern by the Gulf monarchies. Local kings and emirs feared for the stability of the absolute rule they exercised in the name of their conservative brand of Islam⁶. Over the following decades Iran on one side and the Gulf monarchies led by Saudi Arabia on the other confronted each other through local proxies in various regional settings from Lebanon to Iraq. Iran became the source of inspiration – if not the avowed sponsor – of numerous popular movements in the region, usually representing socially marginalised groups. Iran’s regional foes, for their part, spent hundreds of billions of dollars countering Tehran’s influence, spreading their own brand of conservative Islamism based on the Wahhabi doctrine, and supporting local authoritarian regimes that sided with them. Despite attempts to depict it as a primarily sectarian confrontation between Shia and Sunni Islam, the clash between Iran and Saudi Arabia has always been at bottom a struggle for regional hegemony and political/military supremacy. Realpolitik aside, however, Iran came to be regarded by many in the region as a “force for change” supporting Islamist movements throughout the Arab world, which represented marginalised social groups in their respective countries, and confronting Israel through its allies in Palestine and Lebanon – as opposed to a counter-revolutionary axis led by Saudi Arabia with great-power approval from the US.

⁴ A. Wolf, *Political Islam in Tunisia, The History of Ennahda*, Oxford New York, Oxford University Press, 2017.

⁵ H. Fletcher, “[Palestinian Islamic Jihad](#)”, Council on Foreign Relations, 10 April 2008.

⁶ G. Kepel (2002).

As part of this long confrontation, Gulf money supported Iraq's aggression against Iran, which turned into a bloody eight-year conflict in the 1980s. At that time Syria, ruled by Hafez Al-Assad, sided with Iran, initially more in opposition to its Iraqi Ba'athist rival than out of sympathy for the Iranian Revolution itself⁷; but Assad's decision marked the beginning of an alliance that has lasted until now. The new Iran-Syria axis faced its first serious test almost immediately, when the surge of political Islam in the region reached the borders of Syria. A popular insurgency led by the local Muslim Brotherhood had begun in the late 1970s and rapidly spread across the country, involving traditional secular opposition forces as well. Although Tehran had openly supported other popular movements in the Arab world, Ayatollah Khomeini decided to make an exception for Syria, as Hafez Al-Assad had been the only Arab leader to side with revolutionary Iran. The Guide of the Islamic Revolution therefore decided to turn a blind eye to the Syrian regime's violent repression of this uprising, which ended when the Syrian air force bombed Hama in 1982, killing between 15,000⁸ and 30,000 people⁹.

Thirty years later Syria became once more a stain on the Islamic Republic's revolutionary credentials, but this time the stain obliterated what was left of them, ending Iran's reputation as a force for change in the region. At the beginning of the Arab Spring Iran, like all the other regional and global powers, was caught unprepared by the proliferation of popular protests. Initial attempts to depict them as inspired by the Iranian Revolution failed, and were mostly ignored by local protest leaders¹⁰. However, Iran and its allies – especially Hezbollah in

⁷ Ibid.

⁸ W.R. Polk, “Understanding Syria: From Pre-Civil War to Post-Assad”, *The Atlantic*, 10 December 2013.

⁹ Y. Al-Haj Saleh, *The Impossible Revolution. Making Sense of the Syrian Tragedy*, London, C.Hurst & Co., 2017.

¹⁰ R.F. Worth, “Effort to Rebrand Arab Spring Backfires in Iran”, *The New York Times*, 2 February 2012.

Lebanon – still enjoyed a positive reputation as opponents of Israel and more generally as counterweights to the hegemonic power of the US and its regional allies. The Arab world's most popular leader in a 2008 poll was Hezbollah's Secretary-General Hassan Nasrallah, followed by Syrian President Bashar Al-Assad and Iranian President Mahmud Ahmadinejad¹¹; but this credibility earned over previous decades was rapidly dissipated once Iran and Hezbollah intervened in the Syrian conflict: in another poll conducted in four Arab countries in 2017¹² it was the Turkish President, Recep Tayyip Erdogan, one of the main sponsors of the Syrian opposition, who emerged as the most popular leader in the region. The Presidents of Syria (Assad) and Iran (Rouhani) came bottom, ahead only of the Israeli Prime Minister Netanyahu. The same trend can be seen in a poll on Hezbollah's popularity conducted in several Arab countries by NAMA Intelligence Solutions every year since 2004. In Jordan, for example, whose Sunni monarchy enjoys good relations with Israel and is closely aligned with the Gulf monarchies and the US, almost 90% of the population saw Hezbollah as a legitimate resistance movement until 2011; but by 2017, following Hezbollah's intervention in the Syrian war on the side of the Assad regime¹³, that figure had collapsed to below 40%. Similar trends, although less extreme, were observed in all the countries surveyed in the poll. The Syrian crisis radically altered perceptions of the so-called Axis of Resistance (including Hezbollah), and dissipated most of the positive reputation it had accumulated previously.

One of the most important consequences, then, of the Arab Spring – and especially of the Syrian civil war – has been the transformation of the way in which the region's traditional rift

¹¹ K.A Toameh, "Poll: Nasrallah Most Admired Leader in Arab World", *The Jerusalem Post*, 16 April 2008.

¹² "Mostly negative views of Middle Eastern leaders", Pew Research Center, 8 December 2017.

¹³ The survey is not publicly available and has been consulted by the author of this chapter on authorisation of NAMA.

between Saudi Arabia and Iran is perceived. Iran and its proxies are no longer seen by most in the Middle East as real forces for change; and the contest is no longer to change or defend the *status quo*: each side now struggles to dominate that *status quo*, and both are ready to defend it against the threat of newly-emergent forces.

New rift: revolutionaries vs counter-revolutionaries

For the Arab Spring has awakened new, transformative forces in the MENA region, and since 2011 these have brought about a new political division there between those regional powers which support such forces (or at least their Islamist components) and those opposing them in order to maintain or re-establish the pre-2011 *status quo*. Over the last few years Turkey and Qatar have become the main sponsors of local Islamist political formations all over the region from Tunisia to the Gulf – most of them directly or indirectly connected with the international Muslim Brotherhood¹⁴. Although such formations had seldom been at the forefront of the 2011 uprisings, their superior organisation and long-standing presence on the ground rapidly won them political prominence, especially in Tunisia and Egypt, as they won the majority of votes in both countries' post-2011 elections. Here they occupied key positions in the post-revolutionary balance of power; and local Muslim Brotherhood affiliates also gained prominence in countries whose rulers had not been toppled in 2011. The Al-Islah movement, with its popular Islamist appeal, became a cause for concern for the rulers of the UAE, especially after the Arab Spring¹⁵; in Morocco, the Justice and Development Party did well in elections after the 2011 protests and was invited by the King to form a new government¹⁶. In Syria the Muslim

¹⁴ R.G. Khouri, “[The Implications of the Syrian War for New Regional Orders in the Middle East](#)”, Istituto Affari Internazionali, September 2018.

¹⁵ A. Shah, “[Emirates Keeps Tight Rein on Islamist Activists](#)”, *The New York Times*, 21 March 2012.

¹⁶ N. Ramdani, “[Islamist party wins power for first time in Morocco](#)”, *The*

Brotherhood, though it had been almost obliterated there in the years following the 1982 Hama massacre, came to the fore early in the uprising within the official opposition abroad¹⁷, while many militias linked to it established a presence on the ground thanks to support from Turkey and Qatar¹⁸.

Those two countries were quick to exploit the region-wide rise of the Muslim Brotherhood for their own ends. Turkey hoped to gain a leading position in the Middle East, where it had been largely absent since Ottoman times¹⁹. Its ruling Islamist Justice and Development Party (AKP) aimed to become a model for all the newly emerging Islamist political formations, and to challenge the leadership of Saudi Arabia within the Muslim world. Qatar, for its part, saw the Brotherhood as a useful aid to its project for emancipating itself from Riyadh's hegemony of the Gulf monarchies and becoming a fully independent force to be reckoned with in regional politics²⁰. The Qatari leadership – itself an example of an absolute monarchy based on Wahhabi doctrine, like Saudi Arabia and the UAE – reckoned it could afford to support the Brotherhood's popular approach in other parts of the region; the monarchy counted on Qatar's small population and huge wealth to shield it from the kind of revolutionary mobilisations that worried its Gulf neighbours.

The other Arab monarchs were in fact deeply shaken by the 2011 uprisings and the subsequent rise of political formations linked to the Brotherhood; they watched with alarm as the Islamist component of popular movements came to the fore in most contexts, and, as during the Iranian Revolution a few

Telegraph, 27 November 2011.

¹⁷ L. Sly, "Syria's Muslim Brotherhood is gaining influence over anti-Assad revolt", *The Washington Post*, 12 May 2012.

¹⁸ R. Lefèvre and A. El-Yassir, "Militias for the Syrian Muslim Brotherhood?", Carnegie Endowment for International Peace, 29 October 2013.

¹⁹ T. Özhan, "The Effect of the Arab Spring on Turkey", SETA, 1 November 2011.

²⁰ E. Dacrema, *New emerging balances in the post-Arab Spring: the Muslim Brotherhood and the Gulf monarchies*, ISPI Analysis no. 155, January 2015.

decades earlier, they feared the ideological competition that such forces might bring to the region and in their own societies²¹. They therefore moved to hinder the rise of such forces and to crush them wherever they could: in Tunisia they financed new secular political parties and even personalities connected with the previous Ben Ali regime, just in order to curb the rising power of the Islamist Ennahda²²; they sponsored the *coup d'état* that in 2013 toppled Egypt's first elected President, Mohammed Morsi, a member of the Egyptian Muslim Brotherhood²³; they have been providing support to Khalifa Haftar, the most prominent Libyan warlord opposed to the UN-sponsored and Islamist-supported government in Tripoli²⁴; and in Yemen they engineered a transfer of power from President Saleh to his Vice-President Hadi in an attempt to forestall the rise of potentially hostile forces such as the Brotherhood-inspired Islah movement and the Shia Houthi tribes²⁵. Eventually, in 2014 the Houthis overran almost the entire country, and that led to direct military intervention by Saudi Arabia and its allies which continues to this day, with huge suffering among the Yemeni population.

The new divide between the Brotherhood's supporters and its opponents has also had its repercussions on the internal power balance of the Arabian Peninsula. In 2017 Saudi Arabia and the UAE, with the support of their regional allies, such as the new Egyptian government led by General Al-Sisi, imposed a political and economic embargo on Qatar that still continues, rupturing the internal cohesion of the Gulf Cooperation Council (GCC) and paralysing that organisation, now three decades old²⁶. To stop these measures against Qatar escalating

²¹ V. Talbot, *The Gulf monarchies in a changing MENA region*, ISPI Analysis no. 139, October 2013.

²² MEE Staff, "Row in Tunisia over claims that UAE is buying political influence", *Middle East Eye*, 24 May 2015

²³ B. Riedel, "Saudi Arabia Cheers the Coup in Egypt", Brookings, 7 July 2013.

²⁴ N. Pedde, "The Gulf and Europe: Libya's proxy war is a web of conflicting narratives", *Middle East Eye*, 25 April 2019.

²⁵ "Saleh hands over Yemen reins to successor", *Al Jazeera*, 27 February 2012.

²⁶ G. Cafiero and A. Paraskevopoulos, "GCC Dispute Pushes Iran and Qatar

to military intervention, Turkey rushed to support Doha by opening a military base in Qatari territory and sending a military contingent to help defend the small emirate. In 2018, the killing of the US-based Saudi journalist Jamal Khashoggi further deepened the rift between the Turkey-Qatar axis and the Saudi-UAE one. The Turkish President Recep Tayyip Erdogan exploited this opportunity to embarrass Riyadh on the international scene and to portray Turkey as a real alternative for the moral leadership of the Muslim world²⁷.

The Syrian conflict in a changing Middle East

In Syria this newly emerging regional rift overlapped with the dynamics of the old Saudi/Iran one. From the start, although they all generally supported the uprising against the Assad regime, Turkey and Qatar on the one hand and Saudi Arabia on the other have supported different elements of the revolt (the UAE has largely abstained from direct help to any side in the Syrian conflict). Turkey and Qatar favoured militias, such as the Tawhid Brigade, linked to the Syrian Muslim Brotherhood, while Saudi Arabia supported groups having a more Salafi/Wahhabi characterisation: in 2014 the Saudis sponsored the setting up of the Islamic Front, an umbrella organisation which they intended should lead the armed opposition²⁸. Over the years these rival interventions contributed to the fragmentation of the armed rebellion and, above all, tended to tilt the balance of power within the Syrian opposition towards Islamist groups, whether linked to the Brotherhood or not²⁹.

An appreciation of the differing aims of the opposition's various foreign sponsors is essential if we are to understand recent

Closer but With Caveats", Atlantic Council, 17 June 2019.

²⁷ P.Z., "How the killing of Jamal Khashoggi affects Turkish-Saudi relations", *The Economist*, 1 November 2018.

²⁸ A. Lund, "The Politics of the Islamic Front, Part 1: Structure and Support", Carnegie Middle East Center, 14 January 2014.

²⁹ A. Abukhalil, "How the Saudi-Qatari Rivalry Has Fueled the War in Syria", *The Intercept*, 29 June 2018.

developments. Saudi Arabia's support for the opposition started to weaken once the Saudis realised, on the one hand, that Assad would probably be staying in power for the foreseeable future because of support from Tehran and Moscow and, on the other, that Turkey had gained control of most of the Syrian armed opposition³⁰. Under these circumstances, the decision-makers in Riyadh and Abu Dhabi had to rethink their strategy so as to accommodate their mutually incompatible aims of toppling Iran's ally Assad (or at least containing the Iranian presence in Syria) and countering Turkey's greater influence in the region which resulted mainly from Ankara's role as the leading supporter of the Syrian opposition. Riyadh and Abu Dhabi thus found their options limited: they could either step up support for those opposition groups sympathetic to them, aiming to achieve the two rather unlikely targets of winning victory for the opposition and undermining Turkey's dominant influence among most of the rebel militias, or they could look for a rapprochement with Assad by offering him inducements to reduce Tehran's influence on his government and run down the Iran-linked militias in the country. Over the last year, the Saudis and Emiratis seem to have settled on the latter policy, the UAE this time taking the lead on this new strategic course. Together with Bahrain – whose foreign policy is usually to great extent supervised by Riyadh – the UAE reopened its embassy in Damascus at the end of 2018; and Saudi Arabia began negotiations with Assad (through Russian channels) in early 2019³¹. Soon after these moves there was talk of potential Gulf support for Syrian reconstruction. For the Gulf monarchs, significant financial resources for rebuilding the country could prove a useful inducement to offer Assad for restricting Iran's influence in Syria³².

³⁰ H. Ibish, "Gulf Re-engagement with Assad Regime Signals New Phase in the Struggle for Syria", The Arab Gulf States Institute in Washington, 15 June 2015.

³¹ "Russia Reveals 'Positive Saudi Messages' to Assad Regime" by Ana Press, *The Syrian Observer*, 22 April 2019.

³² M. Young, "As Arab States Normalize With Syria, Will This Push Them to Finance its Reconstruction?", Carnegie Middle East Center, 24 January 2019.

Before they can fully implement such a strategy, however, Abu Dhabi and Riyadh need to find a way round US and European sanctions against the Assad regime which still hinder any serious plans for Gulf support to Syrian reconstruction. The US has so far refused its Gulf allies any opportunity for discussing the issue³³; and as long as US policy on Syria remains unchanged it is hard to assess the real range of options available to Riyadh and Abu Dhabi for influencing Syria's post-war development.

Syria and the Emerging Multipolar System

These big changes in the regional politics did not happen in static global order; indeed, they are the local reverberations of seismic shifts caused by the decline of the US-dominated unipolar system and the emergence of new power centres around the world, especially in Eurasia³⁴. Traditionally a cardinal arena in geopolitics, the Middle East was one of the first regions where such shifts were to be felt. The strategic decision by the US to gradually downsize its presence there and pivot to Asia and the Pacific – begun under the Obama administration and continued, although less coherently, under President Trump – has left a vacuum to be filled by other actors, old and new³⁵. Some of these have been regional powers: as we have shown, some traditionally active powers (Saudi Arabia and Iran) have become even more assertive in the last ten years, while others which had before been largely quiescent (the UAE, Qatar and Turkey) have carved out important new roles for themselves in the regional arena. The growing number of active local players has not, however, had the effect of giving the region a new

³³ G. Ghantous and M. Georgy, “[U.S. pressing Gulf states to keep Syria isolated: sources](#)”, *Reuters*, 18 February 2019.

³⁴ M.J. Burrows, *Western Options in a Multipolar World*, Atlantic Council, November 2017.

³⁵ R. Satloff, I.S. Lustick, M. Karlin, and T. Cofman Wittes, “[Commitment Issues. Where Should the U.S. Withdrawal From the Middle East Stop?](#)”, *Foreign Affairs*, May/June 2019.

equilibrium stable enough to survive the withdrawal of US hegemony. This was demonstrated in Libya and Syria, where old and new regional players have engaged in proxy wars and failed to reach any new, functional framework for resolving regional crises, leaving an unstable, rapidly-evolving situation open to other global powers which choose to intervene in the Middle East, such as Russia and – to a lesser extent – China.

The 2011 Arab uprisings marked a turning point in this shift in the international order. As the “contagion effect” of the protests in Tunisia spread across the entire Middle East, a rapid evolution in Western policy towards the uprisings could be seen, as well as a greater role for other global powers. During the first phase of the protests the West intervened spontaneously and actively, condemning repression by the Arab regimes (except, notably, in Bahrain). NATO even launched a military operation in Libya to prevent Ghaddafi crushing the rebellion against his four-decade rule by force of arms. During this initial phase the other global powers, Russia and China, remained mostly passive, while regional players such as Saudi Arabia watched with increasing concern as their traditional Western allies readily sacrificed friendly regimes such as Ben Ali’s in Tunisia and Hosni Mubarak’s in Egypt³⁶. These trends were rapidly reversed during the second half of 2011, though; and it is this which enabled Assad to avoid Ghaddafi’s fate. Russia and China felt betrayed when the West exploited a rather vague Security Council resolution – which they had let pass by abstaining – to launch a fully-fledged military operation against the Libyan dictator; now they decided to take a firmer stance on the uprising in Syria³⁷, blocking any draft resolution that could somehow be used to justify foreign intervention against the Assad regime. They also became more vocal about the need to avoid any foreign

³⁶ B. Riedel, “Saudi Arabia Blames America for the Turmoil in Egypt”, Brookings, 19 August 2013.

³⁷ E. Farge, “Russia criticises UN over NATO role in Libya”, *Reuters*, 9 March 2012.

interference in the internal affairs of sovereign states³⁸. Russia in particular, having been a powerful force in Middle Eastern politics in Soviet days before the 1990s, saw Assad as its last remaining partner in the region; Moscow still had a naval base at Tartous, on the Syrian coast, and was still the main provider of hardware for the Syrian army³⁹. Some of the bigger regional powers, too, started to react once they had recovered from the initial shock of the spreading protests: Saudi Arabia and the UAE began to look for ways of interfering in the new political dynamics of Egypt and Tunisia and gave generous financial support to allied regimes such as Jordan and Morocco⁴⁰. Meanwhile, as the Libyan uprising supported by NATO swiftly descended into chaos, many in the West began to question whether their national interests were served by continuing to intervene directly in other Middle Eastern crises⁴¹.

These new trends grew stronger with time. In 2013, when the Syrian government allegedly used chemical weapons against civilians in the Damascus suburb of Ghouta, President Obama decided to renege over his own “red line” on chemical weapons and refrained from punishing the Assad government militarily⁴². In 2015, after the armed opposition inflicted a string of serious defeats on the Syrian regime, Russia intervened directly on Assad’s side. Ever since then Moscow has used its new role in the Syrian conflict to stage a comeback in regional politics. Russian diplomacy has begun to carve itself a niche in almost all the ongoing Middle Eastern crises, from Libya to Yemen, and to become an important force for all key regional

³⁸ “Russia and China veto UN resolution to impose sanctions on Syria”, *The Guardian*, 1 March 2017.

³⁹ T. Grove, “Insight: Syria pays for Russian weapons to boost ties with Moscow”, *Reuters*, 29 August 2013.

⁴⁰ “Amid Turmoil, GCC Extends Invitation to Jordan and Morocco”, Middle East Policy Council.

⁴¹ L. Fawcett, “States and sovereignty in the Middle East: myths and realities”, *International Affairs*, vol. 93, no. 4, 2017, pp. 789-807.

⁴² C. Dickey “Obama Was Right to Abandon ‘Red Line’ on Syria’s Chemical Weapons”, *Daily Beast*, 5 May 2017.

actors to reckon with. While cooperating with Iran to prop up the Syrian regime, Russia has also worked closely with Saudi Arabia to sustain global energy prices and establish a new version of the Organization of the Petroleum Exporting Countries (OPEC) – the so-called “OPEC Plus”, led jointly by Moscow and Riyadh – including producers who had previously been outside the cartel⁴³. The Russian President Vladimir Putin and his Foreign Affairs Minister Sergei Lavrov have become regular participants in all the major regional forums, and in just a few years Russia has emerged as such an effective player in all the region’s main issues that some observers have suggested that Moscow could replace the United States as the next king-maker in the Middle East⁴⁴. On closer analysis, however, Russia’s new role in the region differs structurally in a number of ways from that played by the US over the previous two decades. For instance, while the role of the US and the EU in the region has mostly been transformative, actively supporting the gradual transformation of local regimes into more liberal, democratic systems, Moscow has behaved as a defender of the *status quo* and of the existing local regimes, often referring to the principle of non-interference in other nations’ internal affairs. Past Western support for the democratisation of the Middle East has often, of course, been little more than lip-service while its real priorities have been the economic and political interests of the West itself and its local allies. However, what is known as the West’s “normative” – or, to its critics, “neo-colonial” – rhetoric did deeply affect its relations with local governments. At least on paper, the West has always established alliances and economic relations with local rulers on the understanding that at some point their governments would become properly democratic and their economies open to the market. After the end of the Cold War most Middle Eastern regimes needed the support of the West to develop their economies, avoid popular

⁴³ A. Cohen, “OPEC Is Dead, Long Live OPEC+”, *Forbes*, 29 June 2018.

⁴⁴ Ī. Yezdani, “Russia is the kingmaker in the Middle East,” French professor Gilles Kepel says”, *Daily News*, 7 October 2018.

discontent and preserve their stability; but the asymmetry of these relationships prevented the establishment of the kind of robust alliances that Western countries maintain among themselves. Such asymmetry emerged clearly during the 2011 uprisings, when traditional local partners of the West saw their European and American allies rapidly abandon them and side with local protestors demanding democratic reforms⁴⁵. In recent years, accordingly, Russia has made efforts to be seen as radically different: Moscow does not present itself as a normative power, but as an example of a bigger country with a similar authoritarian structure – one which, for that reason, can more fully understand and support its partners in the region. Unlike the West, Russia is not a great condescending power seeking to teach its local partners how they should govern; instead, it presents itself as a sort of *primus inter pares*: a stronger, more stable yet similarly authoritarian state, ready to support and cooperate with local regimes given a reasonable *quid pro quo*. Rather than “normative”, the relations Russia establishes in the Middle East are “transactional”, an approach most Arab governments are generally more comfortable with; but such a role is hardly conducive to the establishment of a new regional hegemony that can guarantee stability in the long term; and in fact Russia, despite its importance as an energy exporter and its powerful military, lacks the economic clout to seriously project hegemonic influence outside its immediate neighbourhood⁴⁶. Rather than replacing the US in the Middle East, Russia has become just another regional player, albeit a strong one, aiming at specific but limited targets in every situation.

However, despite having become a Middle Eastern power, Russia is not a Middle Eastern country. Moscow differs from other regional actors in its geographic location and the span of its diplomatic and military activities across several regional

⁴⁵ R. Rieger, *In Search of Stability: Saudi Arabia and Arabia Spring*, GRM Papers, Gulf Research Center, 2014.

⁴⁶ H. Foy, “Factory demise symbolises rot at core of Russian economy”, *Financial Times*, 2 December 2018.

theatres from Europe to Central and Eastern Asia. While the interests of most Middle Eastern players are concentrated in their own region, Russia's are spread across continents. In Moscow's eyes, thus, the Middle East is part of a wider chessboard. This has had and will continue to have significant consequences for Russia's behaviour in Syria and the region generally. Indeed, Moscow has already tried to leverage its role in Syria in its dealings with European powers, especially over the Ukraine crisis⁴⁷; and it will probably do so over the reconstruction process as well. For instance, Russian diplomats have repeatedly asked European countries to contribute to Syrian reconstruction in order to ease the pressure of refugees on Europe's borders, though so far with little success⁴⁸. Moscow has also used its key position in the Syrian crisis to establish closer relations with Turkey, offering Ankara an alternative source of diplomatic support and military hardware to hedge against its traditional NATO allies⁴⁹.

So, as the US gradually withdraws from the region, the Middle East seems destined for the foreseeable future to lack any hegemonic power, for no such power appears to be capable of a comparable stabilising influence – except, perhaps, China; but so far Beijing has taken a cautious approach to the Middle East, preferring to enjoy its freedom to exploit the stability provided by the United States⁵⁰: its relations with Middle Eastern countries – and, for that matter, with most countries in other regions as well – have played down politics to focus tightly on economic cooperation. In most cases, such economic cooperation is based on Chinese investment in infrastructure under PPP (Private Public-Partnership) contracts in which Chinese

⁴⁷ J.S. Nye Jr, [The Russian Connection Between Syria and Ukraine](#), *The National Interest*, 17 February 2016.

⁴⁸ A. Vohra, [“Russia's Payback Will Be Syria's Reconstruction Money”](#), *Foreign Policy*, 5 May 2019.

⁴⁹ [“The Russian–Turkish rapprochement”](#), *Strategic Comments*, vol. 24, no. 2, 2018.

⁵⁰ J.W. Garver, [“The Vital Triangle. China, the United States, and the Middle East”](#), Center for Strategic and International Studies, 20 May 2008.

firms undertake projects paid for with Chinese loans. Over the last decade many governments – especially authoritarian ones – have preferred the Chinese approach to the strict political and economic conditions often required by Western countries and by Western-dominated institutions such as the World Bank and the International Monetary Fund (IMF); but in recent years Beijing's methods, too, have started to come under scrutiny and to reveal significant drawbacks⁵¹. Countries that cannot repay their debts have often been forced to cede control of key infrastructure and even territories to their Chinese counterparts; others have fallen into debt crises from which they have been unable to recover without becoming still more dependent financially on China⁵².

Some have speculated that such an approach may be applied to Syrian reconstruction as well, pointing, among other things, to Beijing's diplomatic support of the Syrian regime throughout the conflict⁵³. The Chinese approach, however, requires guarantees of stability and reliability on the part of those receiving its investments; and these the regime has hardly been able to provide so far⁵⁴. Moreover, Damascus has already signed agreements giving Iranian and Russian companies priority in reconstruction projects, and this leaves little room for the kind of PPP scheme preferred by the Chinese⁵⁵. These considerations may at least partly explain the limited commitment to Syrian reconstruction so far shown by the Chinese government, despite the Assad regime's significant efforts to get Beijing on board.

⁵¹ M. Akpaninyie, "China's 'Debt Diplomacy' Is a Misnomer. Call It 'Crony Diplomacy'", *The Diplomat*, 12 March 2019.

⁵² K. Lindberg and T. Lahiri, "From Asia to Africa, China's 'debt-trap diplomacy' was under siege in 2018", *Quartz*, 28 December 2018.

⁵³ S. Tay, "As the US withdraws from Syria, China may boost its influence in the country", *CNBC*, 4 April 2019.

⁵⁴ E. Dacrema, "Will China Get the Lion Share in Syria Reconstruction?", *Syria Untold*, 16 September 2017.

⁵⁵ I.A. Matveev, "Can Russia, Iran, China agree on division of roles in Syria reconstruction?", *Al-Monitor*, 16 April 2019.

Syrian Reconstruction in the New Middle East

These changes in the regional and global orders, which accelerated during the Arab Spring, proved crucial for the survival of the Syrian regime. Without the greater Western reluctance to intervene again in the region after the experience of Libya – and of Iraq and Lebanon before that – and without the active support of Russia and Iran, the Assad regime would hardly be still in power. Moreover, the emergence of a new regional divide between Saudi Arabia and the UAE, on one side, and Turkey and Qatar, on the other, may give Damascus an opportunity to cultivate useful new relationships with previously hostile Gulf monarchies; for, were it not for his closeness to Tehran, Bashar Al-Assad would be a perfect example of the kind of secular authoritarian strongman that Riyadh and Abu Dhabi have been supporting throughout the region in order to oppose the rise of political Islam and the Muslim Brotherhood.

Though vital, however, Russian and Iranian support (and potentially that of some Gulf monarchies as well) may present Assad with some hard political choices in the post-war period. For instance, Moscow and Tehran simply do not have the means to contribute significantly to reconstruction; on the contrary, these two allies have been vying for shares of Syria's natural resources and future reconstruction contracts⁵⁶. But while Damascus has already had a hard time accommodating its allies' appetites, even bigger differences may soon emerge over the handling of the reconstruction process and over the question of which external powers to involve: Moscow wants to include the West in the process in order to get international recognition for its new role and so as to apply leverage elsewhere (on Ukraine, for instance), but Tehran is well aware that one likely condition for a greater Western contribution to reconstruction would be the reduction of its own presence in Syria. Nor does the Assad

⁵⁶ A. Mardasov, "[Are Russia, Iran engaged in tug of war over Syria?](#)", *AlMonitor*, 30 January 2019.

regime itself seem keen to accept the kind of political conditions that Western countries would probably attach to their economic support⁵⁷. Support from the Gulf monarchies, also, will bring similar dilemmas: for while the Syrian regime may be interested in financial help with no conditions that interfere with Syria's domestic politics, Riyadh and Abu Dhabi may ask Assad to diminish Iran's presence in the country, leading to tension between Damascus and Tehran.

An even more serious clash may emerge over the very idea of reconstruction and what it means for the future of the country. For instance, a reconstruction process supported by the West would probably require the return of most refugees from abroad and their full reintegration into Syrian society, but the regime seems to have rather different intentions⁵⁸: it seems in no hurry to welcome back most of the refugees who, after all, had left the country instead of fighting for Assad, showing a suspect loyalty or even outright sympathy with the opposition.

These different approaches to the very idea of reconstruction also imply rather different levels of expenditure: reconstruction that catered only for the interests of those Syrians loyal to the regime would cost much less than rebuilding the country for all its citizens; and facing a smaller bill would give the regime more flexibility and independence from foreign donors.

In short, there are at least two major questions to be answered if we are to understand what the process of rebuilding war-torn Syria will look like. First, while many are ready to profit from the reconstruction process – the Assad regime, its Russian and Iranian allies, and even neighbouring governments such as Lebanon and Jordan⁵⁹ – their contrasting interests and potential vetoes are likely to make it difficult for any external power with adequate resources – Western countries, Gulf monarchies, or China – to get easy access to the reconstruction

⁵⁷ E. Dacrema, "Assad's Reconstruction", *Syria Untold*, 5 March 2019.

⁵⁸ E. Dacrema, "Reconstructing Syria: Assad's Goals and Interests", *ISPI Commentary*, 8 March 2019.

⁵⁹ See Bachar El-Halabi's chapter 5 in this volume.

process; so, although it is increasingly clear who aims to profit from that process, it is far less clear who is going to foot the bill.

Second, key players clearly have rather different ideas about the shape reconstruction is to take: some would like to see the country rebuilt to resemble pre-war Syria as much as possible, while others would prefer to use reconstruction to complete the country's transformation into a smaller but more governable society. If, as Carl von Clausewitz used to say, war is the continuation of politics by other means, then Syria's reconstruction process is likely to become just another way of perpetuating the conflict's divisive and repressive dynamics in future.

2. Beyond Physical Reconstruction: Planning a Stable and Prosperous Post-War Syria

Joseph Daher

The cost of reconstruction was estimated between \$260bn and \$400bn at the beginning of 2019¹, and although the war is not yet finished, national and foreign actors have already been looking for investment opportunities. Conferences in neighbouring countries on the issue of reconstruction in Syria have taken place since mid-2016. In January 2019, the Lebanese newspaper *al-Diyar* published an article indicating that more than 570 Arab, international, and Asian companies have applied to participate in the reconstruction process in Syria².

The Syrian regime sees reconstruction as an important tool for consolidating its power and its networks of influence while promoting new economic opportunities and areas of investment. It has accordingly issued a series of decrees and laws to organize and benefit from that reconstruction, promoting big real estate projects that are expected to attract crucial foreign capital; but for the moment such inflows, like the broader

¹ Former UN special envoy for Syria, Staffan de Mistura, estimated the cost to be around \$250bn, while the Syrian regime puts the sum at \$400m. D. Hodali, “Rebuilding Syria, Who should foot the bill for Assad?”, *Qantara*, 2019.

² “Ākthar min 570 sharikat ‘arabīyat wa ājnabīyat tataqadam bi-talabāt lil-mushārahāt fi i‘ādat imār sūriyat” (“More than 570 Arab and foreign companies apply to participate in the reconstruction of Syria”), *Economy2Day*, 8 January 2019.

reconstruction process, are being hindered by a number of internal and external challenges.

The Syrian government's economic policy should not be seen as technocratic or limited to measures needed to repair the ravages of war, but as a means of transforming and strengthening the general conditions for capital accumulation and, so far as Syria is concerned, rewarding its own network of crony capitalists and its foreign allies.

At the end of this chapter we suggest some policy recommendations for external actors regarding Syria and its global reconstruction process, now that the Syrian regime is consolidating its power and enjoying renewed international legitimacy.

Destruction

This section first assesses the damage to the country's economy as a whole, and then focuses on the destruction that the conflict has caused in its various sectors. Between 2010 and 2016 Syria's GDP fell from \$60.2bn to \$12.4bn (instead put to \$17.1 billion in 2017)³; national currency reserves dwindled from \$20bn in late 2010 to \$0.7bn by the end of 2015⁴, with continued funding of imports and downward pressure on the Syrian pound (SYP), now down to one tenth of its initial value (from SYP 47 to the US dollar before the uprising to around SYP 570 in early May 2019).

The most severely affected sector is mineral extraction – oil and mining; here output is 94% lower in real terms than in 2010. Manufacturing, domestic commerce and construction have also shrunk, by more than 70% on average⁵. By 2017, according to a World Bank report, the non-oil economy had contracted by 52% due to destroyed infrastructure, reduced

³ CEIC data (2019), "Syria Real GDP Growth".

⁴ World Bank, "Syria's Economic Outlook - Spring 2016", 2016.

⁵ D. Butter, *Syria's Economy Picking up the Pieces*, Research Paper, Chatham House, June 2015, p. 13.

access to fuel and electricity, low business confidence and trade disruption⁶. The cost of damaged and destroyed industrial facilities in the public and private sectors was estimated in early 2019 at between \$3bn and \$4.5bn^{7,8}. The total number of industrial establishments across Syria was between 65,000 and 71,000 in the end of 2018, as against some 130,000 before the uprising⁹. Agriculture and the public sector have shrunk by more than 40% in real terms¹⁰. In 2016 the World Food Programme found that losses in Syria's agricultural sector amounted to \$16bn in the period since 2011¹¹.

With a Human Development Index of 0.472 Syria has now fallen from the "medium" to the "low human development" group, largely as a result of lower levels of education, health and income. The healthcare system was severely affected by damage and destruction of medical facilities and healthcare infrastructure, the flight of healthcare professionals, death and injury among medical staff and the collapse of the pharmaceutical industry¹². That industry has suffered massive damage: some 76% of its factories have now ceased production completely, and this has led to a severe shortage of drugs and medical supplies in Syria, with a significant rise in prices. Prior to 2011, the domestic pharmaceutical industry covered almost 90% of Syria's own

⁶ World Bank Group, "The Toll of War: The Economic and Social Consequences of the Conflict in Syria", 10 July 2017, p. VII.

⁷ "Sinâ'i yatamana 'ala al-hukûmat ân tad'am al-sinâ'îin bi-âs'âr al-mashtaqât al-naftiyat", *Economy2Day*, 2019.

⁸ *Industry News*, "Majd Shashmân: 4,5 miliyar dûlâr khasâ'ir al-qitâ' al-sinâ'î natîjat al-harb" ("Majd Shachman: \$ 5.4 billion in industrial losses due to war and sanctions on Syria"), 2019.

⁹ H. Ghanem, "Khamîs: Lan nasmah bi-rijal â'mâl wa lâ mûwazaf fâsid" ("Khamis: We will not allow a businessman or a corrupt employee", *al-Watan Online*, December 2018.

¹⁰ D. Butter (2015).

¹¹ B. Enab, "Battle for Idlib: Is the Armed Opposition Losing its Popular Base?", *The Syrian Observer*, 17 January 2018.

¹² *Syria. Squandering Humanity, Socioeconomic Monitoring Report on Syria*, Syrian Centre for Policy Research (SCPR), UNRWA, UNDP, May 2014, p. 10.

needs and exported drugs to nearly 60 countries¹³.

By 2016 almost half the country's 493 hospitals had been directly affected by the five-year conflict, while the number of persons per doctor rose from 661 in 2010 to 1,442 in 2015¹⁴.

Legislation for Plans and Expropriations

The regime and its institutions have made use of a whole system of laws and decrees to expropriate individuals' property and extract the maximum benefit from reconstruction. One of those laws is Decree 66¹⁵, which came into force in September 2012 and allowed the government to "redesign unauthorised or illegal housing areas" and replace them with "modern" real estate projects with high quality services¹⁶. Decree 66 allowed the Damascus governorate to expel the populations of two large areas in Damascus¹⁷, including Basateen al-Razi in the district of Mazzeh, in order to develop the high-end real estate project named "Marota City" (Marota in the Syriac language means "sovereignty and motherland"). The inhabitants of these areas were mostly working-class or lower-middle class. Decree 66 was inspired to some extent by a 2007 Damascus Master Plan that had not been implemented because of the beginning of

¹³ A. Hamada, "The Syrian Crisis repercussions on the pharmaceutical industry: analytical field study", *Journal of Academic Researchers and Study*, vol. 6, no. 10, May 2014, p. 72-93.

¹⁴ *Syria at War, Five Years On*, ESCWA, and University of St. Andrews, UNRWA, 2016, p. 31.

¹⁵ Cham Press (2012). "Marsûm 66..." (online), <http://www.champress.net/index.php?q=ar/Article/view/7769>

¹⁶ N. Ajib, "Mashrû' tanzîm 66 khalf al-râzi. tajruba râ`ida 'ala tariq îâda ali'mâr - fidû'" ("Project of the organization of 66 behind Al-Razi. A pioneering experiment on the road to reconstruction – video"), *Syrian Arab News Agency (SANA)*, 6 October 2017, <https://www.sana.sy/?p=683277>

¹⁷ Two areas in the southern suburbs of Damascus are concerned. The first, which has already started, includes Mazzeh, a residential area near the presidential palace, and Kafr Soussa. The area of the second zone includes Mazzeh, Kafr Sousseh, Qanawat, Basateen, Daraya and Qadam.

the uprising in 2011. This area was and still is considered an immensely lucrative real estate opportunity: undeveloped farmland and informal housing, some of it within walking distance of the centre of Damascus¹⁸.

The reconstruction programmes involve the building of 12,000 housing units for about 60,000 people, mainly high-income households¹⁹. They include schools and restaurants, places of worship and even a multi-storey car park and shopping centre. According to the Syrian authorities they will create 110,000 job opportunities and 27,000 permanent jobs²⁰.

In April 2018 the Assad regime issued Law No. 10, which extended Decree 66 country-wide; under its provisions, property owners (or relatives, by power of attorney) will have to submit their title deeds to the relevant authorities (all of which are local government bodies) within one year of the announcement of a reconstruction plan for their locality. If they fail to do so they will not be compensated, and ownership of their property will revert to the province, town or city where it is located. Those who succeed in proving ownership of their property will get shares in the project.

In addition to Decrees 66 and Law No. 10, the Syrian regime has also enacted other measures to manipulate and transfer housing and property rights, to dispossess residents and to develop real estate projects. At the start of 2019 Aleppo City Council announced the beginning of development work in parts of al-Haidarieh, northeast of Aleppo, which formed one of the biggest informal housing districts in Syria; under opposition control during most of the conflict, it was largely destroyed

¹⁸ T. Rollins, “Decree 66: The Blueprint for al-Assad’s Reconstruction of Syria?,” *IRIN News*, 25 April 2017.

¹⁹ Prices per square meter range from 300,000 to 500,000 SYP according to the Executive Director of Damascus Sham Holding Company, Nasouh Nabulsi, “Al-Nābulsi: Chaqaq “mārūtā sītī” satakūn al-ā’la sa’rā fi sūriyā?” (“Nabulsi: Marotta City apartments will be the highest in Syria”), *DamasPost*, 2018.

²⁰ N. Ajib (2017); H. Sabbagh, “Stages of Implementation of al-Razi Regulation Project Area Discussed”, *Syrian Arab News Agency (SANA)*, 16 December 2017.

by regime and Russian air forces. This particular reconstruction project was initiated under Law No. 15 of 2008, which prescribed a framework for large real estate projects and regulated investment in development zones.

In another case, Hama, a real estate development project was announced in October 2018 (under the 2016 Public-Private-Partnership Act) in the Wadi al-Jouz neighbourhood which had been completely destroyed by regime forces in 2013. It involved the construction of 2,400 apartments worth SYP 40bn (\$86m). The government used the 1982 Urban Planning Act (Law No. 5 of 1982) to clear and rebuild that neighbourhood²¹.

Intensification of Neoliberal Policy

The reconstruction process has been linked to a wider and deeper application of neoliberalism. In February 2016 the Syrian government announced a new economic strategy, the so-called “National Partnership”, replacing the social market model of the economy which had existed before the uprising of March 2011. The related Public Private Partnership Act was passed in January 2016, six years after it had been drafted as the cornerstone of this new strategy, authorising the private sector to manage and develop state assets in all sectors of the economy except oil. Humam al-Jazaeri, Minister for the Economy and Foreign Trade, declared that the law was “a legal framework for regulating relations between the public and private sectors and [met] the growing economic and social needs in Syria, particularly in the field of reconstruction”, while also providing the private sector with the opportunity “to contribute to economic development as a main and active partner”²².

²¹ “Expropriation of Syrian Lands and Properties Likely to Continue Unabated”, *The Syria Report*, 2018.

²² H. Sabbagh, “President al-Assad Issues Law on Public-Private Partnership”, *Syrian Arab News Agency (SANA)*, 10 January 2016.

Under this policy Prime Minister Khamis announced, in a meeting with representatives of companies and businessmen at the Damascus International Fair in September 2018, that the government would probably be opening up fifty infrastructure projects to private investors under public-private partnerships (PPP)²³. In October 2018 Fares Shehabi MP, chair of the Aleppo Chamber of Industry and the Syrian Federation of Chambers of Industry, called in Parliament for deeper PPP involvement in the public industrial sector so as to expand the private sector's investment opportunities²⁴.

The government's approach to reconstruction has been similar: private entities are given the leading roles. In July 2015, the government approved a law allowing city councils and other local government bodies to set up private companies to manage public assets and services. This opened the way for the regime's cronies to generate business from such assets. In autumn 2016 the Damascus Cham Private Joint Stock Company was established as a holding company in charge of the reconstruction of the Basateen al-Razi area; its share capital of SYP 60bn (about \$120m) was wholly owned by the Governorate of Damascus²⁵. In 2018 the Homs governorate likewise announced the establishment of a holding company; and in 2019 it was the turn of the Aleppo and Damascus rural governorates. None of these has started operations yet, however, apart from the Damascus Cham Holding Company²⁶.

²³ M. Frieh (al-), "Khamis: Large Infrastructure Projects Offered for Partnership", *Syrian Arab News Agency (SANA)*, 10 September 2018.

²⁴ "Al-Shehâbi: wâq' wizârat al-sinâ'at tahsad 'alayhi... al-matlûb î'adât binâ` mâ tam tadmîrihi qîmathi 1.8 milyâr dûlâr", *Economic2Day*, 24 October 2018.

²⁵ "Damascus Governorate Says Thousands Subscribe to Mazzeah Real Estate Development" *The Syria Report*, 2016.

²⁶ "Aleppo Governorate to Establish Holding Company", *The Syria Report*, 2019.

Crony Capitalism: Economic Elites, New and Old, Allied to the Regime

Various businessmen linked to the regime have also started to become more prominent, usually individuals who had accumulated some economic power before the crisis, especially at the local level, but had been outside the crony capitalist circles and the dependent business elite networks; now some of these figures have been seen to rise into national prominence during the reconstruction process. The most important of them is Samer Foz, who during the course of the war has become one of the country's most powerful businessmen. Before the uprising in 2011 he owned the Aman Group, a contractor for real estate development and food commodities²⁷. His business interests expanded massively during the war into aviation, the cable industry, steel, sugar, car assembly and distribution, hotel management, real estate development, pharmaceuticals and banking.

In August 2017 his Aman Group also announced that it would partner the Damascus Governorate and Damascus Cham Private Joint Stock Company in reconstructing the Basateen al-Razi area in the Mazzeh district of Damascus. Aman Damascus, the company set up by Aman Group for this project, announced it had \$18.9m in capital²⁸. In November Damascus Cham Holding granted the Aman Group the right to develop real estate properties worth around \$312m as part of the Basateen al-Razi project²⁹.

²⁷ Aman Group, "Overview", 2017.

²⁸ "Tawqî al-'aqd al-idâfi bayn kul min sharika dimashq al-shâm al-qâbida wa sharika âmân al-qâbida wa shata âmân dimashq al-musâhama al-mighfala al-khâsa bi-qîma istathmâriya bi-hudûd mia wa khamsûn milîyâr lira sûriya" ("The signing of the additional contract between DAMASCUS Holding Company, AMAN Holding Company and AMAN DAMASCUS private shareholding company with an investment value of one hundred and fifty billion Syrian pounds"), Damascus Cham, 2017.

²⁹ "Samer Foz Acquires Rights over Hundreds of Millions of Dollars in Basatin Al-Razi Project", *The Syria Report*, 21 November 2017.

Other businessmen and companies have also enjoyed lucrative contracts with Damascus Cham Holding as part of the reconstruction of Basateen al-Razi. Among the most prominent are:

- Zubaidi and Qalei LLC, owned by Khaled Al-Zubaidi and Nader Qalei;
- Kuwait-based businessman Mazen Tarazi, who has interests in a variety of sectors³⁰;
- the Talas Group³¹, owned by Anas Talas;
- Exceed Development and Investment, owned by private investors Hayan Muhammad Nazem Qaddour and Maen Rizk Allah Haykal³²;
- the Rawafed Damascus Private joint venture of Rami Makhoul and his close associates, consisting of Ramak for Development and Humanitarian Projects LLC and four other companies;
- Bunyan Damascus, which is a partnership of two companies, Apex Development and Projects LLC and Tamayoz LLC.

These members of the new business elite, the great majority of whom were unknown before the war, have been able to capitalise both economically and in terms of political influence on opportunities created by the departure of dependent business elite networks. Some of these individuals, such as Samer Foz,

³⁰ In early January 2018, the Syrian Civil Aviation Authority granted a license to an airline established by Mazen Tarazi. Mr. Tarazi held 85% of the shares in the company, with his two sons, Khaled and Ali, holding the rest. Mr. Tarazi has demonstrated his support for the regime on a number of occasions (J. Daher, “Decree 66 and the Impact of its National Expansion”, Atlantic Council, 7 March 2018; ‘Abd al-Jalil, “Alliance of Companies Absorbs the Organisations of Damascus” [in Arabic], Enab Baladi, 1 April 2018).

³¹ The company is mainly active in the production and distribution of food products from its base in the UAE. The company has developed its own food brand, Tolido (“Damascus Sham Holding signs a partnership contract with Tlas Company for Trade and Industry worth 23 billion Syrian pounds”, 2018).

³² “The meeting of the constituent body of the developers of private joint stock company”, 2018.

have also enjoyed big economic opportunities to act as middlemen in trade deals between the regime and various actors, while others have acted as frontmen for or close associates with regime cronies hit by sanctions. The case of Bashar Al-Assad's cousin Rami Makhoul, however, is rather different: as the richest man in Syria he represented the mafia-style process of regime-led privatisation following Bashar's accession to power in 2000. His economic empire was vast, including telecommunications, oil and gas as well as construction, banks, airlines, and retail. Makhoul was also the biggest shareholder in the Cham Holding Company, and was agent for more than 300 big international companies³³. According to various sources he controlled almost 60% of the Syrian economy, directly or indirectly through a complex network of holdings³⁴. He remained prominent throughout the conflict, although he has had to make room for new arrivals enriched by the war economy of the last eight years.

Foreign Actors

Investment from national players, public and private, has not been enough to rebuild the country, however, and the state itself is seriously indebted. It is hoped that these big real estate projects will attract the foreign capital needed for reconstruction in Syria, but at present there is little sign of it.

The national budget for 2017 was SYP 2.6tn (around \$5bn). In 2018 this increased to SYP 3.1tn³⁵ and again in 2019 to SYP 3.882tn (around \$7,5bn)³⁶. The 2019 budget allocated

³³ A. Sottimano, "The Syrian Business Elite: Patronage Networks and War Economy", *Syria Untold*, 24 September 2016.

³⁴ I. Leverrier, "Rami Makhoul, 'de l'affairisme à l'illusionnisme'", *Blog le Monde*, 28 June 2011.

³⁵ "Cabinet Approves 3 Trillion Syrian Pounds for 2018 General Budget", *The Syrian Observer*, 25 October 2017.

³⁶ M. Friehe (al-), "Cabinet Approves State Budget Bill for 2019 at SYP 3882 Billion," *Syrian Arab News Agency (SANA)*, 21 October 2018.

to reconstruction was no more than SYP 50bn, equivalent to \$115m³⁷.

Moreover, the PPP schemes have had funding problems: they rely on bank finance, but the total assets of the fourteen private-sector commercial banks operating in the country amounted to SYP 1.7tn at the end of 2018, equivalent at the time to only around \$4,4bn; the corresponding figure in 2010 had been \$13.8bn. In terms of assets, some of the six state-owned banks are actually larger than their private sector counterparts, in particular the Commercial Bank of Syria; but they have large portfolios of bad debt³⁸. Reconstruction therefore needs foreign funding, which, if available, would benefit the countries that have most supported the Assad regime, particularly Iran and Russia.

After the retaking of eastern Aleppo in December 2016 the provincial governor, Hossein Diyab, said that Iran was going to “play an important role in reconstruction efforts in Syria, especially Aleppo”. In March 2017 the Iranian Reconstruction Authority announced that it planned to renovate 55 schools in Aleppo province³⁹. In mid-September 2017 Iranian officials announced that they would repair and reconstruct the electricity infrastructure in Damascus and Deir Zor, and an Iranian company was awarded a contract to supply electricity to Aleppo. These deals would be worth hundreds of millions of dollars if they come to completion^{40,41}.

³⁷ W. Haddad, “*Mûwâzanat 2019 al-sûriyat: řâdat al-řmâr bi-115 miliyûn dûlâr*”, (“Syrian budget: the reconstruction of \$ 115 million”), *al-Madon*, 9 November 2018.

³⁸ “*Syrian Banks Unable to Finance Reconstruction*”, *The Syria Report*, 2017.

³⁹ C. Zambelis, “Institutionalized ‘Warlordism’: Syria’s National Defense Force”, *Terrorism Monitor*, vol. 15, no. 6, 24 March 2017.

⁴⁰ Bassam Darwish, head of the electricity ministry’s planning unit in the Syrian government, estimated that direct damage in the power sector during the war corresponded to between approximately US\$4 and 5 billion. “*Syria Producing More Energy After Army Recaptures Gas Fields - Ministry*”, *Reuters*, 26 September 2017.

⁴¹ “*Syria, Iran Sign MoU on Electricity Cooperation*”, *Syrian Arab News Agency*

In September 2018 Syria and Iran signed a Memorandum of Understanding for cooperation in the electricity sector; it included Iranian provision of new power stations in Latakia and Baniyas and the repair or improvement of others in Aleppo, Deir Zor and Homs⁴². A month later Iran made a further deal to build a \$46m power plant in Latakia. In August 2018 the Syrian Ministry of Public Works and Housing commissioned private Iranian companies to build 30,000 residential units as part of projects in Damascus, Aleppo and Homs for the General Housing Organisation⁴³. A few months later (February 2019) the deputy head of the Mass Construction Society of Iran, Iraj Rahbar, announced that his company was planning to build 200,000 housing units in Syria, mostly around the capital, under a Memorandum of Understanding recently signed at a meeting of the Joint Syrian-Iranian Higher Committee in Damascus. The agreement, he explained, would be implemented within three months and would be funded through a new \$2bn line of credit from Iran⁴⁴. By mid-March 2019 discussions were very far advanced for handing over to Iran the management of the Latakia container terminal, until then run by Latakia International Container Terminal (LICT), a joint venture of Terminal Link (a subsidiary of the French company CMA-CGM, the world's third biggest shipping company) and Souria Holding, a big company set up in 2007 by a number of Syrian businessmen⁴⁵.

As for Moscow, a Russian delegation had visited Damascus as early as October 2015 and announced that Russian companies would lead Syria's post-war reconstruction; deals worth at

(SANA), 12 September 2018.

⁴² Ibid.

⁴³ Hurriya Press "Iran Commits to Residential Projects in Syria", *The Syrian Observer*, 16 August 2018.

⁴⁴ "Mashrû' binâ' irâni dakhm fi sûriyat... binâ' madînat wa 200 âlf wahdat sakaniyat" ("A huge Iranian construction project in Syria .. Construction of a city and 200 thousand housing units"), *Economy2Day*, 25 February 2019.

⁴⁵ "Iran Eyeing Control of Lattakia Port", *The Syria Report*, 2019.

least €850m emerged from these negotiations. A later Russian parliamentary visit to Syria in November 2016 is said to have resulted in an offer by Walid Mualllem, the Syrian Foreign Minister, to give Russian firms priority in rebuilding Syria⁴⁶. In mid-December 2017 a delegation of major Russian company CEOs led by Dmitry Rogozin, the Deputy Prime Minister, was in Damascus for talks with Bashar Al-Assad on investment and reconstruction; reports referred to “major economic projects,” including the “oil, gas, phosphate, electricity and petrochemical industries”, and also to transport and trade⁴⁷.

In February 2018 Syria and Russia signed a cooperation agreement for the power industry as part of “developing the electrical system through reconstructing and repairing the Aleppo thermal plant and installing a Deir Zor power plant, in addition to expanding the capacity of the Mharda and Tishreen plants”⁴⁸. In March 2019 Russian companies announced their readiness to bring their construction techniques and transfer their skills to Syria for the reconstruction process in collaboration with the Syrian Ministry of Public Work and Housing⁴⁹. More recently the Russian company Stroytransgaz has signed a contract with the Syrian authorities to manage the port of Tartus for 49 years. The Syrian Minister of Transport explained that Stroytransgaz is expected to invest some \$500m during that period, notably to develop and expand the port and allow larger ships to dock⁵⁰. This was in addition to the two earlier contracts

⁴⁶ N. Hauer, “To the victors, the ruins: the challenges of Russia’s reconstruction in Syria”, *Open Democracy*, 18 August 2017.

⁴⁷ A. Jaulmes, “Une insurrection syrienne plus conservatrice qu’extrémiste”, *Le Figaro*, 31 July 2012.

⁴⁸ “Syria, Russia ink agreement for cooperation in energy field”, *Syrian Arab News Agency (SANA)*, 1 February 2018.

⁴⁹ “Russian companies start localization of rapid construction techniques in Syria and start the first residential project in Dimas”, New Qasioun Mall, *Emmar Syria*, 2 March 2019.

⁵⁰ M.R. Mustapha, “‘al-Watan’ tanshur tafâsil al-îtifâq al-sûri-al-rûssî li-minâ` tartûs...” (al-Watan publish the details of the Syrian-Russian ...agreement for the port of Tartous...), *al-Watan*, 25 April 2019.

which the Russian company had made with Damascus to develop the phosphate mines in Khneifis and manage the fertiliser production complex near Homs, then operated by the General Fertilizers Company. Stroytransgaz now oversees the entire chain of production, transport and export of phosphate, from mine to port⁵¹.

There are serious doubts, however, about the implementation of some of these projects, especially the massive reconstruction scheme and the Memorandums of Understanding already mentioned between the Syrian government and its allies in Tehran and Moscow. Many other investment projects and economic agreements announced in the past few years have come to nothing⁵²: the Syrian government has failed, for example, to secure the necessary funds for its contribution to deals with Iran and Russia for the construction or repair of power plants, and as a result they have pulled out⁵³.

In August 2017 the Chinese government hosted its “First Trade Fair on Syrian Reconstruction Projects,” during which a Chinese-Arab business group announced a \$2bn commitment by the Chinese government for the construction of industry parks in Syria⁵⁴. In December 2017 Qin Yong, Vice President of the China-Arab Exchange Association, forecast investment of a similar amount in Syria, saying that the companies he had accompanied to Damascus, Homs and Tartus – including the China National Heavy Duty Truck Company – planned to build roads, bridges, airports and hospitals, and to restore electricity supplies and communications⁵⁵. China was still wary,

⁵¹ “More Details on Tartous Port Deal as Loyalists Cry Foul”, *The Syria Report*, 2019.

⁵² <https://www.syria-report.com/news/real-estate-construction/iran-says-it-plans-build-large-housing-project-around-damascus>

⁵³ S. Hatahet, *Russia and Iran: Economic Influence in Syria*, Research Paper, Chatham House, 2019, p. 14.

⁵⁴ S. Heydemann, “Syria Reconstruction and the Illusion of Leverage”, Atlantic Council, 18 May 2017.

⁵⁵ T. Shi, H. Meyer, D. Abu-Nasr, and I. Arkhipov, “China Eyes Role Rebuilding Syria While Putin Spars With West”, *Bloomberg*, 21 December 2017.

however, of engaging massively in such an unstable country. It often makes its investments in emerging countries in Africa and elsewhere conditional on privileged access to natural resources; but Syria is quite poor in such resources, and has promised Moscow and Tehran that they will have priority. Some projects could also be awarded to India and Brazil as a reward for supporting the Damascus regime.

A few Arab countries – Egypt, Oman, Jordan and Lebanon – have indicated a willingness to take part in Syrian reconstruction; and the UAE and other Gulf autocracies are changing their attitude to Syria as Arab political relations with Damascus become normalised. As early as August 2018 a citizen of the UAE, Abdul Jalil Al-Blooki, paid a visit to Damascus Cham Holding and attended one of its meetings⁵⁶: he is, among other things, the deputy chair of Aafaq Islamic Finance, a Sharia-compliant financial services firm, and head of the Syrian company Emirates Private Development and Investment Company LLC, which was established in 2013 to invest in the real estate sector. The visit confirmed the UAE's intention of normalising its relations with Syria.

The Assad regime's international rehabilitation among its Arab peers gathered way in December 2018. First, the President of Sudan, Omar Al-Bashir, visited Syria in mid-December, becoming the first Arab League leader to visit the country since the beginning of the uprising in March 2011; then on 27 December the UAE reopened its embassy in Syria after seven years; Bahrain followed suit the next day. Both governments justified their decisions by pointing to the need to restore an Arab presence and role in Syria, if only to counter the growing influence there of Turkey and Iran⁵⁷. Saudi Arabia, too, became less hostile to the Damascus regime in 2018, and although there has been no official rapprochement between the two countries

⁵⁶ Facebook, Marota City, 7 August 2018, <https://www.facebook.com/Marota.city/posts/272057506858282>

⁵⁷ A. Bakeer, "Why Did the UAE and Bahrain Re-open Their Embassies in Syria?", *al-Jazeera English*, 8 January 2019.

Riyadh's main priority is still to counter Iranian influence in Syria: in March 2018 the Saudi Crown Prince Muhammad Bin Salman stated in an interview that Bashar Al-Assad would remain in power, but hoped he would not become a "puppet" for Tehran⁵⁸. It has most probably been US pressure that has slowed any further rapprochement between Riyadh and Damascus.

A delegation from the UAE company Damac Properties, headed by its Senior Vice President for International Development, Wael Al-Lawati, visited Damascus at the end of December 2018. Damac is a real estate developer and one of the biggest companies in the whole Arab world, with assets of more than \$7bn and an annual revenue of over \$2bn. At the Four Seasons Hotel Mr Lawati met representatives of two Syrian companies, Tesla and Al-Diyar Al-Dimashqiah^{59,60}. Then in late January 2019 Damascus Cham Holding announced a visit to the UAE to encourage investment in Syria; the delegation included its CEO Nassouh Nabulsi and other Syrian businessmen and industrialists led by Muhammad Hamsho; it had meetings with various UAE businessmen and a number of UAE chambers of commerce and industry⁶¹.

⁵⁸ W.J. Hennigan, "Saudi Crown Prince Says U.S. Troops Should Stay in Syria", *Time*, 30 March 2018.

⁵⁹ Both companies were established relatively recently, Tesla in 2015 and Diar Al-Diyar Al-Dimashqiah in September 2018. Maher Al-Imam is the general manager of the former, while Muhammad Ghazi Al-Jalali, a former minister for communications and a board member of Syriatel, and who is under EU sanctions, is a founder of Diar.

⁶⁰ "Dâmâk al-îqârîyat al-îmârâtîyat tabhath fi dimashq sabil tanfîz masân' tatwîr 'îqârî'", ("DAMAC Properties is looking into ways to implement real estate development projects in Damascus?"), New Qasioun Mall, *Emmar Syria*, 20 December 2018; "UAE Companies Showing Growing Interest in Syria", *The Syria Report*, 2018.

⁶¹ "Mârûtâ sîtu tuhat rihâlîhâ fi âbû dhabî al-ûsbû' al-muqbil", ("Marotta City will land in Abu Dhabi next week?"), New Qasioun Mall, *Emmar Syria*, 15 January 2019.

So far, however, it is not clear how much foreign capital has actually been made available for reconstruction; but it is likely to be insufficient, particularly as Russia and Iran are having increasing difficulty in maintaining their levels of financial and material support for the regime. Other foreign participation in the reconstruction of Syria depends on developments in other regional and international issues and negotiations. US sanctions on Iran⁶² and EU sanctions on Syria⁶³ are among the obstacles that may scare away foreign investors, and the danger of falling foul of US sanctions is also putting off many Chinese and other multinationals: Huawei, for instance, recently announced its withdrawal from both Iran and Syria⁶⁴. The US actually stepped up its pressure on Syria in November 2018 by announcing that it intends to sanction anyone (including shipping companies, insurers, ship owners, managers or operators) involved in shipping oil to Syria⁶⁵. US diplomatic pressure has put the brakes on further rapprochement between some Arab regimes and Syria, and momentum to restore Syria's membership of the Arab League, for example, has ebbed.

The European Union and the United States⁶⁶ have repeatedly declared that their support for Syrian reconstruction and an end

⁶² They notably ban exports, sales or the supply of services, along with any new investments, into Syria by any US individual. They also forbid any dealings by US individuals in Syrian oil and hydrocarbon products and importing them into the United States.

⁶³ EU Sanctions include asset freezes, travel bans, trade restrictions, financial sanctions and an arms embargo. The European sanctions also target Syria's electricity network, banning EU companies from building power plants, supplying turbines or financing such projects. The latest European sanctions in January 2019 target all the investors in the Marota urban master plan.

⁶⁴ S. Hatahet (2019), p. 9.

⁶⁵ "US Treasury Warns Against Petroleum Shipments to Syrian Ports", *World Maritime News*, 21 November 2018.

⁶⁶ In addition to the sanctions imposed in 2011, in December 2017 the US Congressional Foreign Affairs Committee unveiled the No Assistance for Assad Act, which prevented the Donald Trump administration from using non-humanitarian US aid funds for the reconstruction of Syria in areas held by the Assad regime or associated forces (USA Congress 2017).

to sanctions would depend on a credible political process leading to a real political transition. In January 2019 the European Union imposed new sanctions on eleven prominent businessmen (including Samer Foz) and five entities on the list of those subject to restrictive measures against the Syrian regime and its supporters because of their involvement in luxury real estate development, such as the Marota City reconstruction scheme, and/or their activities as middlemen for the regime in various trade deals⁶⁷. Earlier EU sanctions had included freezing assets, travel bans, trade restrictions, financial sanctions and an arms embargo; they prohibit trade in items that could be used for war or repression, luxury goods, precious stones and metals, and equipment or technology for some aspects of the oil and gas industries, including exploration and production, refining, and gas liquefaction. The European sanctions also target Syria's electricity network, banning EU companies from building power plants, supplying turbines, or financing such projects.

The European Union has to take into consideration the various elements mentioned in this chapter when dealing with the issue of reconstruction and the political economy of Syria more generally. Reconstruction is an absolute necessity; but despite changing regional and international political dynamics any European participation in that process must not be used to further or to consolidate the normalisation and re-legitimation of the Syrian regime while overlooking the rights of millions of Syrians within and outside the country.

Local Challenges for Domestic and Foreign Investors

The issue of reconstruction is also connected with the regime's ability to encourage investment by providing a stable,

⁶⁷ The Council of the European Union, "[Council Implementing Decision \(CFSP\) 2013/255/CFSP concerning restrictive measures against Syria](#)", *Official Journal of the European Union*, 21 January 2019.

business-friendly environment in the regions under its control. This is at risk due to various factors:

- The regime's limited ability to stabilise the situation in the areas under its control, and to disband the various loyalist militias, or at least bring them to heel. Public grievances against them have become increasingly outspoken, and this is now a major challenge. Pro-regime militias in a number of regions have been involved in criminal activities such as robbery, looting, murder, turf wars and above all extortion at checkpoints, resulting in higher prices and further suffering as well as stoking fears for the business environment.
- The jihadist organisations' gradual loss of control over big areas does not mean that these groups are no longer able to mount terrorist attacks in government-held territory.
- The crony capitalists whose power has grown during the war might discourage the return of middle-class investors from taking up a dominant position in the economy and might diminish the investment opportunities that would create a business environment conducive to reconstruction.

Policy Recommendations

Damascus has been hatching plans since 2017, but so far only one major real estate project is going ahead: the Marota City development in the Basatin al-Razi area of Damascus, funded entirely by the state and by private investors linked, most of them, to the regime. The insufficiency of domestic funding (both private and public), the uncertain scale of foreign funding despite growing interest on the part of the UAE and other Gulf states, and international sanctions that stop many big financiers participating are all serious problems for a country where the cost of reconstruction is estimated at between \$260bn and \$400bn, not to mention the destruction of health

and education services, massive internal and external displacement of Syrians, enormous losses of human capital, and low reserves of foreign currency.

A failure of the reconstruction plans and of economic development more generally (especially in productive sectors of the economy such as manufacturing and agriculture) would probably make it much more difficult to end the civil war's "illegal and violent activities" in which some 17% of the active population inside the country were engaged by 2014⁶⁸, and which could continue under other forms in the future. Likewise it is essential to prevent the recurrence of the social, economic and regional inequalities present before the war: the biggest element in the popular uprising consisted of rural, economically marginalised Sunnis who had, along with urban employees and self-employed workers, been bearing the brunt of neoliberal government policy, particularly since Bashar Al-Assad came to power in 2000. The map of the revolts in Idlib, Dar'a and other medium-sized towns and rural areas shows a pattern: historically, they were all strongholds of the Ba'ath Party which had benefited from land reform in the 1960s.

Populations regarded as loyal to the regime have also been making louder complaints about the country's social and economic situation, or criticising particular urban reconstruction projects. Even pro-regime newspapers have criticised the emphasis on housing for the better-off in the reconstruction plans of the government and the private sector. Interviewed by the newspaper *al-Ayam*, for example, the real estate expert Ammar Yousef said "all the residential projects that are being launched today are targeted at the wealthy, and the average income or even higher income-earning citizens can't live in these houses"⁶⁹. "If the government carries on this way", he added, "it won't be able to solve the housing crisis in the next hundred years, especially

⁶⁸ Syrian Centre for Policy Research (SCPR), "Confronting Fragmentation! Syria, Impact of Syrian Crisis Report", UNRWA, 2016, p. 37.

⁶⁹ L. Suleiman, "Mudun al-âhlâm" tataqadam fî hisâbat "hukûmat î'âdat al-î'mâr" 'ala mashârî al-sukan al-sha'bi", *Al-Ayam*, 2018.

with three million homes destroyed; Syria needs a million and a half homes, and this need goes up by some 100,000 to 150,000 every year”.

Indeed, the Assad regime’s resilience – with help from its foreign allies – does not mean it is out of trouble; on the contrary, it has always had to cope with a whole series of contradictions and challenges, on the one hand satisfying the interests of crony capitalists and militia bosses, and on the other accumulating capital through economic and political stability, while giving those foreign allies a slice of the reconstruction business and the country’s natural resources. These objectives have rarely overlapped, and some contradictions and rivalries have now resurfaced. They have a number of implications which should be considered by anyone charged with shaping policy towards Syria and its reconstruction:

- Rather than being intensified, general sanctions against Syria should probably be reviewed and revised because otherwise they can be expected to go on harming broad sections of the population, ordinary people and the poorer classes in particular, while the regime’s cronies and elite networks will in all likelihood continue to enjoy the same or even greater influence by expanding black market and smuggling activities, only tightening their grip on the economy. Sanctions against individuals connected with the regime are a better way to hinder them from benefiting, for example, from the reconstruction process. Thus the latest European sanctions (January 2019) against businessmen who profit from economic agreements with the regime are welcome; but sanctions which affect society in general will probably do nothing to improve the conditions or further the interests of the Syrian people.
- International reconstruction funding from Western countries is lacking today, but this could change in the future. A framework of conditions for international funding should therefore be devised: participation of

local people and their inclusion in reconstruction plans (refugees and IDPs as well as those who remained, with guaranteed rights to new housing for former owners and tenants), transparent budgets, effective respect for workers' rights, & c.⁷⁰ Further conditions should prevent or limit the use of such funds by the regime or businessmen connected to it to promote their own political, security or financial interests: here, lessons need to be learned from the international humanitarian aid provided by the World Health Organization and other UN agencies, billions of dollars of which fell under regime control, while international humanitarian organisations operating out of Damascus were obliged to rely on local partners and select sponsorships from a list of "national NGOs" approved by the Syrian Minister of Foreign Affairs, including Syria Trust (founded and chaired by Syria's first lady Asma Al-Assad) and charities such as Al-Bustan, owned by Rami Makhoul. Of these billions of dollars in diverted funds the greatest portion by far came from the same Western states that imposed the sanctions in the first place⁷¹.

- Past experience elsewhere indicates that privatised reconstruction is particularly prone to favouring those strata of society and/or individuals close to the regime. This should be monitored, and can be challenged by proposing and providing solutions which encourage monitoring by the local population and the participation of public institutions in reconstruction plans; for though such public institutions are clearly subject to government authority this would limit the

⁷⁰ The experiences of founding independent trade unions in Egypt, for example, can be used as models to inspire suggestions and possible solutions that challenge the role of the official general trade union supported by the state and encourage the self-organisation of workers, their rights and working conditions.

⁷¹ A. Sparrow, "How UN Humanitarian Aid Has Propped up Assad", *Foreign Affairs*, 20 November 2018.

opportunities for the regime's crony capitalists to enrich themselves, and would give citizens a greater chance of demanding some transparency. It has been argued that the privatisation of reconstruction would boost the regime's predatory activities still further, from controlling "rents derived from the state" to dominating "private rents" without even a modicum of transparency. This new income would enable the ruling elite to establish a network of associates linked directly to itself.

3. Geo-Politics of Reconstruction: Who Will Rebuild Syria and Pay for It?

Julien Barnes-Dacey

As Syria's guns slowly fall silent and Bashar Al-Assad re-establishes central control over much of the country, the wider confrontation that has sustained nearly a decade of civil war is shifting to a new battleground, the economy. Whether and how Assad can rebuild Syria has become the central issue around which the opposing sides in this painful conflict are now re-positioning themselves. Assad and his backers view reconstruction as a means of consolidating the regime's victory – and, for Russia in particular, of obliging the West to accept the situation. Longstanding opponents of Assad on the other hand, particularly those in the West, see it as the arena where they can renew efforts to extract concessions from the regime. Western actors have a new sense of confidence that an economic confrontation plays to their strengths and promises greater rewards than their previous military efforts¹.

Against this backdrop, the idea that Syria's effective reconstruction could be near at hand is a complete illusion. Even if a satisfactory level of security can be achieved and other bureaucratic obstacles overcome (such as widespread corruption), Syria will remain a cockpit of intense geopolitical competition for many years. Reconstruction and the state of the wider economy represent the pivot issues around which this long war will

¹ Author interview with European officials, 2019.

continue to unfold. Ultimately, there is little prospect of a political settlement that secures sufficient international consent – including the buy-in of Western states whose support, or at least non-blocking acquiescence, is needed to underpin any sustained international reconstruction effort. The end result is likely to be the continued hollowing out of the Syrian state, for which the long-suffering Syrian people will continue to pay the highest price.

A Stark Ground Reality

Syria's needs today, after more than eight years of devastating conflict, are almost unimaginable. Some 500,000 Syrians have been killed, twelve million internally or externally displaced, and the previously middle-income country has been economically devastated. According to the World Bank, at least \$226bn of gross domestic product (GDP) has been lost, four years' worth at the 2010 figure². This includes significant damage to crucial capital, including more than a third of the housing stock and half of health and education facilities³. The Syrian government says it will cost around \$400bn to rebuild the country⁴.

This is the stark reality confronting Damascus as the military conflict winds down. While the government is now talking of a “post-conflict phase” and the importance of reconstruction, in large part to affirm the finality of its military victory, it has taken few tangible steps to initiate this process. The 2019 budget only allocated \$2.5bn to reconstruction funding, a drop in the ocean compared with what is needed⁵. This is largely the re-

² “The World Bank in Syrian Arab Republic”, “Overview”, World Bank, 1 April 2019.

³ Ibid.

⁴ “President al-Assad in interview to Russian NTV Channel: Any constitutional reform in Syria is a wholly Syrian matter”, *Syrian Arab News Agency (SANA)*, 24 June 2018.

⁵ “People's Assembly approves bill on 2019 state general budget”, *Syrian Arab News Agency (SANA)*, 3 December 2018.

sult of weak government finances (the total 2019 budget was just \$9bn, compared with around \$18bn in 2011) due to the collapse in oil revenues: domestic production is currently estimated at 24,000 barrels a day (bpd) compared with 385,000 bpd in 2010 when oil accounted for around 20% of the annual budget. As the US-backed Syrian Democratic Forces (SDF) control key oil fields in the north-east of the country it will not be easy for the government to make up this shortfall. Revenue has also been hit by recent US measures designed to block Syrian imports of Iranian crude oil, which for a long time has been provided on credit and are estimated to have saved the government as much as \$7bn since 2013.

In 2017 Damascus launched a National Development Programme for Post-War Syria (NDP); the State Planning Commission was tasked with creating a 10-year plan to rebuild the country, but the initiative has not yet delivered any concrete strategy or led to any substantial activity⁶. While some local projects are under way, the main government reconstruction effort appears to revolve around a number of public-private partnerships centred on the one resource readily at its disposal: real estate. A series of property laws, including the notorious Law No. 10 which allows the government to designate redevelopment zones and compel owners to relinquish ownership in exchange for compensation, is designed to open up lucrative real estate opportunities. The Marota City development in Damascus is now one of Syria's biggest investment projects. For the regime, this process appears to serve two key purposes: stimulating otherwise unaffordable reconstruction with private finance, but doing so in a way which prioritises the channelling of economic rewards to the regime-affiliated businessmen who dominate the Syrian private sector. Critics argue that this process effectively amounts to forced eviction, as it prevents many local residents (some of them now refugees) from asserting their

⁶ “Syrian Government Assesses Progress on Reconstruction Plan”, *The Syria Report*, 12 February 2019.

legitimate ownership rights, and compensation is unlikely to match the true value of the expropriations⁷.

This approach, effectively side-lining equitable and needs-driven reconstruction efforts, is partly driven by the regime's financial imperatives; but it may also reflect a desire to ensure that the general population can never again become an active popular force capable of challenging central authority. It appears to mirror the approach taken by Damascus on refugees: the government says it welcomes their return, but at the same time obstructs it with burdensome paperwork; and conditions on the ground are still oppressive⁸. Assad seems apprehensive about refugees returning to rebuild the country, knowing that as well as a burden on the public purse they could become a source of renewed opposition: he has talked of the conflict delivering "a healthier and more homogeneous society"⁹, while other officials have told refugees they are not welcome to return¹⁰, a policy seemingly backed up by the bureaucratic restrictions. In a similar vein, equitable reconstruction efforts may be seen by the regime as a threat, in that they would involve rebuilding core opposition areas flattened during the conflict, thereby potentially strengthening bastions of opposition sentiment.

The Role of the Regime's Allies and Other Regional Actors

Another political aspect of government policy on reconstruction can be seen in its attitude towards external actors. Assad wants to use reconstruction to lock in wider international

⁷ "Q&A: Syria's New Property Law", *Human Rights Watch*, 29 May 2019.

⁸ J. El-Gamal, *The displacement dilemma: Should Europe help Syrian refugees return home?*, European Council on Foreign Relations, 13 March 2019.

⁹ "President al-Assad: Everything related to the destiny and future of Syria is a 100% Syrian issue, unity of Syrian territory is self-evident and not up for debate", *Syrian Arab News Agency (SANA)*, 20 August 2017.

¹⁰ S. Lucas, "Top Assad Regime General to Refugees - 'Do Not Return'", *EA Worldview*, 12 September 2017.

reintegration, again not only to secure economic assistance but also to put the seal of legitimacy on his military victory. Here, though, Damascus has made clear that it has no interest in Western support for reconstruction in view of the West's role in backing the opposition and his perception that its help will be tied to unacceptable political demands¹¹. The government concentrates instead on securing investment from "friendly countries" that stood by Damascus during the conflict.

The immediate focus is on Russia and Iran, because of their strong and longstanding backing of the regime. But the attitudes of these two states highlight the increasingly complex dynamics of the post-conflict environment: Moscow, for its part, is now an active cheerleader for internationally-backed reconstruction efforts, and is clearly keen to secure Western support¹²; and this puts it at odds with the regime. On this, as on the return of refugees which Moscow appears to support far more wholeheartedly than the Syrian government, Russia is now actively lobbying for an outcome opposed by Damascus.

This highlights a fundamental difference between the two: the regime's priorities are keeping control on the ground and channelling development through its own friends, whereas Moscow wants to use the prospect of reconstruction to secure Western acquiescence in its victory and its status in Syria as a great power. This has long been a key driver of Russia's policy on Syria¹³, though undoubtedly accompanied by its desire for Western financial help to ease the burden of managing Syrian reconstruction, since it cannot fund the task itself. Some suggest that the inherent tension between Moscow and Damascus has manifested itself in Russia's recent unwillingness to help address Syria's recent fuel shortages, which Moscow might be using as

¹¹ "President al-Assad in interview to Russian NTV Channel: Any constitutional reform in Syria is a wholly Syrian matter"..., cit.

¹² For example of Russian reconstruction outreach see A. Mohammed and P. Stewart, "Despite tensions, Russia seeks U.S. help to rebuild Syria", *Reuters*, 3 August 2018.

¹³ Author interviews with Russian analyst, 2018.

leverage to force some of the political concessions needed to secure international acquiescence in any final settlement. This, though, points to a deeper reality which has repeatedly been visible in recent years: Russia is unwilling to deploy the crucial leverage (motions in the UN Security Council, for instance, or restrictions on military ground support) that would be needed to force Assad to change tack on key issues. In part this probably reflects a Russian acknowledgement that its influence over Assad is more limited than is generally supposed, and that any punitive measures would compromise Russia's long-standing position of support for him. It remains to be seen whether Russian attempts to persuade Assad might possibly be more successful if the West's conditionality on any economic engagement shifted from its core demands (still existential, from a regime's point of view) to lesser requirements such as progress on detainees, humanitarian access and the implementation of transparent stabilisation mechanisms to ensure that aid is not simply diverted towards the regime's cronies.

For the moment, however, Damascus has shown no interest in Western support of any kind; and its position seems to be mirrored by the regime's other key backer, Iran, which unlike Russia has made little effort to secure Western legitimisation of Assad's victory and which also appears to prioritise the consolidation of his military position. Moscow and Tehran do not differ fundamentally in their strategic ambition of seeing Assad victorious; but there does seem to be some divergence between them over the importance of Western acquiescence, as well as an emerging sense of competition for post-conflict influence in Syria, in particular during the reconstruction phase. On the one hand each sees control of economic resources and infrastructure as a way of establishing its longer-term influence in the country: both appear intent on locking in their physical presence in Syria, and clearly see the economic aspect as subsidiary to the military; but there is more direct financial competition, too. Having invested significant economic resources in propping Assad up and ensuring his survival over the past eight years, Russia and Iran are

both looking for payback in the form of control of investment opportunities and profit for their private sectors from Syria's resources and reconstruction plans. Like Russia, Iran clearly has not the funds to pay for Syrian reconstruction. Indeed, facing more intense US economic pressure due to President Trump's current campaign against Iran, Tehran has even slimmer resources to share with Damascus, finds it harder to deliver aid to Syria (as shown by the recent restrictions on fuel supplies), and is probably more focused on extracting economic gain out of Syria than on putting investment in.

Significant recent deals by both countries include securing leases on Mediterranean port facilities, Russia in Tartus and Iran in Latakia¹⁴. Other agreements include a 50-year deal for the Russian company Stroytransgaz to develop phosphate mines near Palmyra, a contract which had previously gone to Iran. The change highlighted the emerging economic rivalry between the two, and indeed the Iranian media have expressed some concern that Russia is trying to edge Iran out of its post-conflict reward in Syria¹⁵. Tehran also had a previously agreed mobile phone licence cancelled, though it has secured a range of other licences in the industrial, housing and agricultural sectors. In January it signed an "agreement on long-term strategic economic cooperation" with Damascus¹⁶.

The financial dynamic driving Russian and Iranian interests in Syria highlights the commercial opportunity which some on-lookers now see in the extent of Syria's destruction. The numbers may never match the country's needs, but there are enough potential pickings for a wide range of actors, and Russia and Iran are now being joined by other non-Western actors looking for economic gain in Syria. Damascus is making significant

¹⁴ I. Hamid, "Damascus' allies and opponents are getting 'strategic concessions'", *Al-Sharq al-Ansat*, 25 April 2019, <https://aawsat.com/home/article/1694061/>

¹⁵ R. Faghihi, "Iranian mistrust of Russia surges as Syrian war winds down", *Al-Monitor*, 12 March 2018.

¹⁶ "Syria, Iran sign 11 cooperation agreements in different domains", *Syrian Arab News Agency (SANA)*, 28 January 2019.

efforts to woo the BRIC countries, and particularly China, all of which still have diplomatic relations with Syria and will not tie support to any political demands. While Beijing has not shown any real intention of putting substantial support into Syria, and will probably remain cautious so long as security and bureaucratic conditions remain problematic, there are still some indications that Beijing is considering options to tie Syria to wider Belt and Road ambitions. In 2017 it pledged \$2bn to open an industry park in Syria, as well as promising a further \$23bn in loans and aid to the wider Middle East in 2018, some of which could be channelled to Syria. Chinese companies have also been increasingly visible at recent Syrian Trade fairs.

This is a trend which other countries in the region can also be expected to join. Lebanon and Jordan both see economic opportunity in Syria's possible reconstruction¹⁷. Even Turkey, one of Assad's most long-standing opponents, is keen to win a significant part for itself in any reconstruction phase, seeing Syria's redevelopment as a means of address some of its own domestic economic woes¹⁸. Assad also now appears open to receiving financial support from the Gulf states; and although all these countries, like the West, supported the opposition for many years, an emerging acceptance of the regime's military victory and a desire to increase Arab influence to counterbalance Iran and Turkey have resulted in warmer relations, symbolised by the reopening of the United Arab Emirates (UAE) embassy in Damascus in late 2018¹⁹. This is a trend that is likely to accelerate in future: there is widespread speculation that Syria will soon be invited back into the Arab League which had suspended it in 2011. Support from the Gulf Arab states would not come with political strings attached that threaten Damascus, for those governments are keener to restore authoritarian stability than to meet popular demands or see Assad dislodged.

¹⁷ Author interview with regional official, 2019.

¹⁸ Author interview with Turkish officials and analysts, 2019.

¹⁹ Author interview with senior Gulf official 2019; also see: "[UAE reopens Syria embassy in boost for Assad](#)", *Reuters*, 27 December 2019.

A Western Pressure Campaign

If this is one side of the reconstruction coin then the West is the other. The US and many European governments now see the economic sphere as the key battleground where they can keep up the pressure on Assad, not least by making it clear to Russia and Iran that a complete and final victory for him is still an impossibility. From a European perspective holding firm on this position also stems from a desire to take a wider principled stand in defence of the liberal world order which they perceive to be crumbling around them.

Though Western states were unwilling to engage in substantial military action against Assad they believe they hold weighty economic cards and can still use them to force concessions – for instance, by blocking investment from other countries such as the Gulf states. These Western countries regard the twin cards of reconstruction support and sanctions relief, both of them closely connected with a third – the Western legitimisation so keenly sought by Russia – as a means of putting pressure on Damascus and its allies. This may also – always subject to President Trump’s changeable impulses – be combined with continuing US sponsorship of SDF-controlled north-eastern Syria, for that would have not only significant political and military implications but also economic consequences, in depriving the regime of that region’s important energy and agricultural resources.

First and foremost, this approach by the West means a complete unwillingness to engage in any steps which could facilitate the regime’s ability to cement its control over the country. That rules out any support for reconstruction unless Assad makes the necessary political compromises attached to UN Security Council Resolution 2254, and in particular moves towards constitutional reform and preparations for a free and fair presidential election in 2021. But there is also a more active dimension to this strategy, designed to raise the domestic pressure on Assad so that he cannot win the peace. While most Western officials accept that Assad does not want Western money, the bloc

believes it can force the Syrian regime to change its behaviour through increasing levels of pain. Sanctions on dealings with Syrian financial institutions or the country's business elite are key feature of this policy. The measures have important implications in terms of blocking Western private sector investment in Syria; but they also hamper companies from Russia and Iran, as well as the Gulf and elsewhere²⁰.

Syria's current fuel crisis is a prime example of this approach. While the shortages reflect longstanding Syrian regime corruption and economic incompetence, the present crisis was directly provoked by US measures to stop the flow of oil from Iran to Syria²¹. The shortage has provoked increased public discontent within Syria as fuel and food prices have risen²², a trend that the West appears to be actively encouraging in the hope that it will lead to irresistible domestic pressure and ultimately force the regime to change course²³. While the regime has sought to circumvent the oil blockade with new deliveries, the July seizure of an Iranian oil tanker off Gibraltar that was allegedly destined for Syria, as well as multiple alleged sabotage attack on oil pipelines off the Syrian coast, highlight ongoing efforts to ensure Damascus is unable to overcome this challenge.

Meanwhile, the Caesar Bill which will probably soon be enacted by the US Congress will allow for the imposition of secondary US sanctions on countries doing business with Syria. Given the global sway of the US financial system this measure will considerably hamper any wider efforts to break the West's emerging economic blockade of Syria. It points to the fact that while Assad may not want support from Western states, they

²⁰ "Syrian Investor Highlights Obstacles to Business Ties with Russia", *The Syria Report*, 13 February 2018; A. McDowall and B. Dehghanpisheh, "Car plant shows limits to Iran's economic ambitions in Syria", *Reuters*, 14 November 2018.

²¹ A. Lund, "The blame game over Syria's winter fuel crisis", *The New Humanitarian*, 5 March 2019.

²² "Oil Shortages Create Serious Challenges for the Syrian Population and Economy", *The Syria Report*, 23 April 2019.

²³ Author interview with Europeans officials, 2019.

hold significant blocking power over Syria's ability to move forward with any form of economic development.

Western policy also has important implications for humanitarian assistance, despite claims that political considerations have nothing to do with this form of support²⁴. On the one hand targeted or "smart" sanctions inevitably have a restrictive impact on imports more generally, including food and medical supplies, due to a "chilling effect" which makes the international private sector very wary of dealing with Syria even under humanitarian exemptions²⁵. At the same time, Western states are also now interpreting humanitarian support more restrictively than ever to ensure that they do not provide the regime support for its wider stabilisation efforts²⁶. Over recent months donors have tightened restrictions on the flow of humanitarian aid into Syria, according to those working in the sector²⁷. This is driven by a firm conviction that Western aid will inevitably be co-opted and exploited by the regime to consolidate its own position rather than serving the needs of the wider population. It also reflects a belief that wider engagement on humanitarian issues will be interpreted as a move towards an inevitable acceptance of Assad's victory, an impression the West wants by all means to avoid²⁸.

This approach places the EU and US, as the main donors to ongoing aid efforts even within regime-held territory²⁹, at loggerheads with some international humanitarian agencies including UN bodies such as the United Nations Development

²⁴ J. Barnes-Dacey, *The price of disengagement: Syria and the Brussels III conference*, European Council on Foreign Relations (ECFR), 12 March 2019.

²⁵ A. Lund, "Briefing: Just how 'smart' are sanctions on Syria?", *The New Humanitarian*, 25 April 2019.

²⁶ Author interviews with European officials, 2019.

²⁷ Author interviews with the humanitarian sector, 2019.

²⁸ Author interviews with European officials, 2019.

²⁹ Since 2011 the EU and member states have mobilised \$16.9bn inside and outside Syria for humanitarian, development, economic and stabilisation assistance. The US has provided more than €4bn in humanitarian assistance alone since 2011.

Programme (UNDP) and private organisations like the Norwegian Refugee Council (NRC), which is now calling for a relaxation of restrictions on aid³⁰. These groups are advocating greater and wider humanitarian support, including post-conflict assistance that others believe verge on reconstruction. Western government funders are unwilling, for example, to support the rebuilding of government-run schools and hospitals, which some aid agencies say is the most efficient way of meeting urgent needs. European officials argue that this support would help the regime address core infrastructure requirements.

Further strains in Western policy can be seen in the attitude to SDF-controlled and Western-backed north-eastern Syria. Despite being primarily responsible for the destruction of this part of the country as part of the anti-ISIS military campaign – the city of Raqqa was hit particularly hard³¹ – there has been little meaningful Western commitment to paying the substantial sums needed for the region's reconstruction. President Trump has made it clear that the US will not fund stabilisation efforts around Raqqa, cancelling \$230m of US funding last summer. For their part the Europeans have consistently failed to step up with significant funding. This reflects European financial constraints but also a wariness about investing in territory that the US could – indeed, probably will – eventually abandon and which may ultimately be restored to regime control. Not only does this raise serious questions about Europe's real willingness to provide the large sums needed to rebuild Syria, even in the event of a meaningful transition of power; it also jeopardised any independent project in north-eastern Syria. This approach stands in strong contrast to the approach of Turkey across its zone of control in the northern region. Ankara is committing higher levels of investment which hint at possible ambitions for a longer-term presence. Assad, for his part, still resolutely intends to recover all the regions not yet under government

³⁰ *End aid restrictions to Syrians in government-controlled areas*, Norwegian Refugee Council, 11 May 2019.

³¹ "War in Raqqa: Rhetoric versus Reality", Amnesty International.

control, and the failure of the SDF's western sponsors to back a meaningful reconstruction effort will continue to create openings for the regime re-cement its influence.

A key question now hanging over the Western position generally is the degree to which this harder line can be maintained. A number of EU states (including the likes of Austria, Poland and Italy) have at times pushed to reopen the conversation about Europe's policy towards Syria and the possibility of some re-engagement with Assad. While a group of influential members led by France and the UK remains totally unwilling to consider any softening, internal EU dissension could provoke a wider unravelling of the EU position³². Sanctions, for instance, need to be renewed by consensus on an annual basis, meaning that a willingness by some member states to press for an easing of European restrictions – a position not yet taken in any sustained and formal fashion – would have significant consequences on European policy. This being said, recent developments related to European efforts to save the Iranian nuclear agreement highlight the primary importance of the US position. Even if European policy on Syria softens, US dominance of the global economic system means that it will maintain considerable ability to block wider international economic engagement with Damascus, particularly if the Caesar Bill is passed.

A Dismal Future for Syria

All things considered, there is still a long struggle ahead centred around the economics of Syria's post-conflict development, the outcome of which remains very uncertain. On the one hand serious questions hang over the coherence and sustainability of the West's emerging policy. It remains to be seen how the pressure campaign actually plays out on the ground. Will mounting economic difficulties force the regime to discuss political concessions? Most probably not, at least not the fair and free

³² J. Barnes-Dacey, "No time to go wobbly on Syria", *Politico*, 24 January 2019.

presidential election in 2021 which is still the West's aspiration, but would essentially mean a regime willingness to negotiate itself out of power. That is a highly unlikely scenario, however deep the economic pain inflicted upon the country, given the existential fashion Assad has fought a brutal war to retain absolute power.

The regime's willingness to compromise will also be driven by its ability to strengthen domestic and regional networks which enable it to circumvent Western pressure. Syria, Iraq and Iran are now forging closer economic ties, including the possible establishment of a joint bank to get around Western sanctions³³ and a shared railway infrastructure which would provide direct transport from Tehran to Syria's Mediterranean coast³⁴. As other Arab states also consider drawing Syria back into the Arab fold, some form of wider regional economic substructure could emerge that offers the regime enough room to survive. This may be limited by the impact of restrictive Western sanctions, but President Trump could also be persuaded by allies in the Gulf to turn a blind eye to steps seen as necessary to weakening Iranian influence. This is, after all, the approach which is simultaneously being encouraged by the West in neighbouring Iraq, where Riyadh's recent economic re-engagement has been widely welcomed as a smart way of trying to dilute Iranian influence. Ultimately, as throughout the eight years of devastating conflict, the regime will almost certainly find ways to survive and maintain its grip on power, playing the long game that has always worked in its favour.

This ongoing geopolitical struggle will of course have immense real-world implications for Syrians on the ground. As Assad and international actors both deploy their economic weapons the long-suffering Syrian population will continue to see its needs neglected. While economic activity will undoubtedly

³³ "Plans underway to set up joint bank between Iran, Iraq, Syria", *Mehr News Agency*, 2 May 2019.

³⁴ "Syria, Iran, Iraq mull linking railway network", *Mehr News Agency*, 14 April 2019.

increase in any post-conflict environment, this will largely be shaped by the regime's positioning and the commercial and strategic ambitions of external players: the urgent needs of the wider population on the ground will continue to be side-lined as they have been for too long, since no-one – not Russia, Iran, China or Syria's regional neighbours – will be interested in the core concerns of the Syrian population. Meanwhile Western measures risk reinforcing the regime's worst impulses and serving to empower the regime's hard-line position. Ultimately, this points to the likelihood of a very uneven and unstable process in the years ahead. Indeed, there is a real possibility that this unfolding dynamic could drive the country even further towards internal breakdown, a trajectory for which Assad will bear prime responsibility as he continues, not unexpectedly, to prioritise his regime's ambitions; but Western governments are also undoubtedly contributing to this gloomy scenario, and it would be brave to predict any positive outcome. The continued hollowing out of Syria will almost certainly have dire long-term ramifications for the country, the region and the wider world.

4. Turkey in Syria: Role, Interests and Challenges

Valeria Talbot

The conflict in Syria has been a crucial turning point for Turkey. The outbreak of a crisis on Turkey's long southern border has had important implications not only for Ankara's policy in the Middle East but also inside the country. Over the years, indeed, Turkey has become the host country for more Syrian refugees than any other: over 3.6 million according to the UNHCR's official figures. The massive presence of Syrians has serious social and economic costs, significantly affecting the country's socio-economic fabric and its fragile demographic equilibrium in border areas, as well as the state finances: the Turkish government has spent over \$37bn on the refugee crisis since 2011¹.

Once one of the main pillars of Turkey's "zero problems with neighbours" policy and of its vision for the region's economic integration, Syria has become the main source of trouble and instability for Ankara. Over the years, Turkey's strategy towards the Syrian conflict has gone through different phases. After initially trying without success to make President Bashar Al-Assad listen to the demands of the Syrian people and adopt political and economic reforms, Turkish authorities strongly supported the overthrow of the regime, backing a plethora of Sunni opposition groups.

¹ Presidency of the Republic of Turkey, Directorate of Communications, *Erdogan: "Turkey no longer able to face new refugee flow alone"*, 19 February 2019.

Since 2016, however, Turkey has changed its priorities in Syria and made its first objective the containment of territorial advances by the Syrian Kurds, for it perceives the establishment along its southern border of a corridor controlled by the Syrian Kurdish Democratic Union Party (PYD) and its armed wing the People's Protection Units (YPG) as an existential threat to its national security and territorial integrity. Ankara considers the PYD/YPG an extension of the Kurdish Workers' Party (PKK), the separatist group which has been engaged in a conflict against the Turkish state since the mid-1980s and is listed as a terrorist organisation by Turkey, the European Union and the United States. Both domestically and regionally the Kurdish issue has been the priority in Turkey's security efforts since mid-2015 when a two-year peace process between the Turkish state and the PKK collapsed.

The shift of priorities in the Syrian conflict was more evident when Turkey intervened militarily by launching the Euphrates Shield operation in August 2016. Ankara's rapprochement in mid-2016 with Russia, Assad's main ally along with Iran, paved the way for new options in Syria. The decision to put boots on the ground was aimed not only at pushing Islamic State militants back from its border but above all at stopping the advance of Syrian Kurdish fighters, thus trying to undo the creation of an autonomous Kurdish area in northern Syria that could act as a base for PKK attacks and as a catalyst for the separatist aspirations of Kurds within Turkey². A longer-term objective was to ensure the return of refugees from Turkey to Syria once security had been established.

In January 2018, after taking control of the territory around Azaz, al-Bab and Jarablus, Turkey launched a second military operation, Olive Branch, into the Kurdish area of Afrin in order to ensure border security and to create another buffer zone around a Syrian territory controlled by the YPG.

² V. Talbot, "Turkey between ambition and reality", in V. Talbot and S. Torelli, *Building Trust: the Challenge for Peace and Stability in the Mediterranean*, ISPI MED Report, 2018, pp. 80-83.

At the end of the day the safeguarding of its vital interests has led Turkey to establish a permanent presence in northern Syria. Analysing the way Ankara is acting in this part of Syria and the implications of this presence for any future settlement of the Syrian conflict is the aim of this chapter. Starting with a brief excursus on relations between Ankara and Damascus from the rapprochement at the beginning of 2000s to the rupture in mid-2011, the chapter then examines Turkey's role, interests and changing priorities in the Syrian conflict over the last eight years.

Turkey and Syria after 1998: From Foes to Friends ...

A process of détente between Turkey and Syria started in the early 2000s following a long history of tension that was in danger of becoming conflict in 1998 when Ankara threatened to intervene militarily against its southern neighbour because of Syrian support for the PKK. Under the regime of Hafez Al-Assad, indeed, that organisation was employed as a lever against Turkey in bilateral disputes over water and territory. The expulsion of the PKK leader Abdullah Ocalan from Damascus, and the signing in October 1998 of the Adana Accord in which Syria pledged not to provide PKK with any kind of support and joined Turkey in recognising it as a terrorist organisation, may be regarded as the first steps of a rapprochement between the two countries. This was followed in 2001 by the start of a political dialogue aimed, among other things, at ending Syria's international isolation due to its strong ties with Iran and the Lebanese Hezbollah. Bilateral relations then received a further boost when the Justice and Development Party (AKP, *Adalet ve Kalkınma Partisi*) came to power at the end of 2002. As the regional context changed, the AKP's pragmatic approach to foreign policy pushed Turkey closer to Syria, paving the way for a decade of dynamic economic and political relations in which the old enemies turned into good regional partners – so much so that Syria was considered the best example of Ankara's "zero problems with neighbours" policy. At that time, promoting

peace and stability was the backbone of Turkey's new foreign policy in the Middle East.

Economic interests along with strategic and security calculations played a major role in shaping Turkey's new policy towards its Middle Eastern neighbourhood, where it aspired to regional leadership. Ankara's more assertive role in the region was the result of external and domestic changes. At the regional level, the war in Iraq in 2003 – and the vacuum left by the demise of such a major regional actor as Iraq had been under Saddam Hussein – gave Turkey new room for manoeuvre in the Middle East, and at the same time produced a convergence of interests with Syria and Iran. All three countries were concerned that the Iraqi Kurds' independence aspirations might act as a catalyst for their own Kurdish populations and for renewed PKK action within Turkey. Domestic stability, political and economic reforms and sustained economic growth (5.2% a year in the decade 2002-2011) provided the basis of the country's more active and assertive role in the region. Driven by the idea of fostering peace and stability while establishing a network of constructive relations with its neighbours, Ankara also tried to wield soft power as a broker in regional disputes and crises. In addition, this new foreign policy stance had a strong economic dimension: establishing economic interdependence with its neighbours was a major component of Turkey's strategy for expanding its influence in the region. This mainly relied on a developing export-oriented economy, the so-called "trading state"³ whose strength lay in the small and medium enterprises of conservative Anatolia supported by well-established business organisations.

In this context improved relations with Syria soon emerged as the most important example of Ankara's engagement with the region⁴. Syria became not only an ally in containing Kurdish

³ K. Kirisci, "The transformation of Turkish foreign policy: The rise of the trading state", *New Perspectives on Turkey*, no. 40, 2009, pp. 29-57.

⁴ M. Altunisik, "The AKP's Middle East Policy?", in V. Talbot (ed.), *The Uncertain Path of the New Turkey*, ISPI Report, 2015, p. 67.

aspirations for autonomy but also a key partner in Turkey's strategy of fostering economic cooperation and integration in its Middle Eastern neighbourhood. A Free Trade Agreement signed in 2004 came into force in January 2007, and visa requirements between Turkey and Syria were abolished two years later. These moves helped to boost both trade and tourism. In 2010 the volume of bilateral trade was \$2.3bn (of which Turkish exports accounted for \$1.8bn) compared to \$1.17bn in 2007 and \$700m in 2002⁵. In the same year Turkey, Syria, Jordan and Lebanon agreed to establish a Quadripartite High Level Cooperation Council, and to create a zone for the free movement of goods and people⁶ intended to be the cornerstone of Ankara's strategy for regional economic integration. At the same time Turkish companies' investment in Syria increased as well: in 2011 they invested a total of \$223m in various Syrian industries⁷. As for tourism, the number of Syrian tourists visiting Turkey rose from 154,000 in 2003 to 500,000 in 2010, thanks in part to visa liberalisation⁸.

Furthermore, in 2009 Turkey and Syria solved their territorial dispute over the province of Hatay, now recognised as Turkish, and strengthened their cooperation in the management of the water resources of the Euphrates as well as in military matters. Here the two countries had a common interest in stopping PKK activities at their border, and they staged joint exercises in 2009. Efforts to promote regional stability also included Turkish mediation fostering indirect talks between Syria and Israel to find a comprehensive peace settlement that would encompass Israel's withdrawal from the Golan Heights among other things. In spite of the lack of concrete results,

⁵ Data from the Turkish Statistical Institute.

⁶ Republic of Turkey, Ministry of Foreign Affairs, "[Joint Political Declaration on the Establishment of the High Level Cooperation Council among Turkey, Syria, Jordan and Lebanon](#)".

⁷ D. Aras, "Turkish-Syrian Relations Go Downhill", *Middle East Quarterly*, Spring 2012, pp. 41-50.

⁸ *Ibid.*

this move further demonstrated how sound the Turkish-Syrian relationship had become. Closeness with Damascus was pursued in spite of – indeed in opposition to – the tough stance on Syria on the part of Washington, which sought to isolate it as a “rogue state” because of its relationship with Iran and its support of Hezbollah in Lebanon.

Beyond the economic and diplomatic dimensions there was a third important element strengthening relations between Turkey and Syria: the personal friendship between Prime Minister Erdogan and Bashar Al-Assad, who was the first Syrian President to visit Turkey in almost seventy years and at that time described Turkey as “Syria’s best friend”, while Erdogan publicly called Syrians his “brothers”. However, this honeymoon did not last long.

... and Foes Again

Against this backdrop the outbreak of the Syrian crisis in 2011 in the wake of the Arab uprising upset Ankara’s policy in the Middle East, and its friendship with Damascus turned to enmity once again. Initially, after the first pacific popular protests erupted, the Turkish government tried to use its influence and close friendship to persuade the Syrian President to start a process of political opening, for at that time Ankara was firmly convinced that concessions by the regime to the Syrian people were a better option than regime change. Turkish efforts had very little effect on Assad’s intransigence, however, and Ankara realised that Damascus was unwilling to appease the protestors through reform. The Turkish government accordingly changed its attitude, aligning itself with the United States, other Western countries and the Gulf monarchies (in particular Saudi Arabia and Qatar) in calling for regime change. In November 2011, Turkey imposed economic sanctions on the Syrian regime, freezing the assets of the Assad government and blocking the delivery of military equipment to Syria.

Several factors help to explain Ankara's U-turn *vis-à-vis* Syria. First, there was a firm belief in late 2011 that the Syrian regime was on the brink of collapse. To this end, Turkish authorities started to establish links with Syrian opposition groups, even playing host to meetings in Istanbul, so as to prepare a role for itself in a future political phase under a new leadership in Syria. The opposition movement gathered in Turkey under the umbrella of the Syrian National Council (SNC), but divisions among the various groups prevented agreement on a common agenda⁹. At the same time, Turkey hosted and backed the Free Syrian Army (FSA), allowing its fighters to cross the border into Syria.

Furthermore, the idea of a "Turkish model" for the Arab countries in transition – one based on a combination of Islam, democracy, and economic development – emerged both in Arab political circles (especially in Tunisia) and in regional media. As that idea gained support, Turkey wanted to sever its ties to a brutal regime that was repressing its own citizens, and to present itself as a champion of the Arab peoples' demands for freedom and reform. At that time, Turkey's rising popularity in the region thanks to its own sound economic growth, modernisation and democratisation process furthered its aspirations to play a leading role in the Middle East and North Africa, and to be regarded as a "source of inspiration"¹⁰ and example for reformers in the Arab countries¹¹.

In the end the conflict in Syria was a game-changer for Turkish policy in the Middle East: it showed the limits of Turkey's soft power and its ability to mediate, putting an end to the "zero problems with neighbours" policy along with its regional vision of stability and economic integration in the neighbourhood. In fact, the "zero problems" approach proved unsustainable in a

⁹ M. Altunisik (2015).

¹⁰ S. Ulgen, *From Inspiration to Aspiration. Turkey in the New Middle East*, The Carnegie Papers, December 2011,

¹¹ Z. Onis, "Turkey and the Arab Spring: between ethics and self interest", *Insight Turkey*, vol. 14, no. 3, 2012, pp. 45-63.

deteriorating regional context. More importantly, it became clear that the Turkish government had underestimated the resilience of the Bashar Al-Assad regime. The Syrian crisis accordingly posed new challenges for Turkey. Domestically, the “open door policy” of the Turkish government attracted a growing influx of Syrian refugees escaping from conflict areas, and such refugees soon became a critical issue inside Turkey both because of the cost to the government and because of the impact of a massive Syrian presence on the socio-economic balance in Turkish cities, especially Istanbul, and in the south-eastern areas where tension between different communities erupted. Furthermore, sanctions halted vibrant economic ties and flourishing trade with Syria, negatively affecting the economy of the southern border cities in particular. Equally, Syria ceased to be the gateway for Turkish trade with the MENA region. At the regional level, relations with neighbours suffered setbacks: difficulties soon emerged with Iran, the main regional ally of the Assad regime, due to clashing interests in Syria, and also with the government of Nuri Al-Maliki in Baghdad, which was sympathetic to Tehran. Furthermore, Ankara’s growing support for the Syrian Muslim Brotherhood throughout the region caused additional tension with Saudi Arabia and the United Arab Emirates, the main opponents of that organisation within the region.

The Kurdish Factor and Its Implications for Relations with the US and Russia

Containment of the Kurds provided common ground for a rapprochement between Ankara and Damascus in the first half of the 2000s, but now the Kurdish issue has emerged once again as a crucial factor shaping Turkey’s policy and agenda in Syria, especially after the two-year ceasefire with the PKK collapsed in July 2015 and Turkey has for more than two years suffered violent terrorist attacks by both PKK and jihadist groups.

When Turkey decided to join the US-led coalition against the Islamic State (IS) in Syria and Iraq in July 2015, having

previously served as the main corridor for foreign fighters joining the Caliphate, Ankara targeted not only IS jihadists, but also, and above all, the Syrian Kurdish militias which it saw as a major threat to its own national security. Indeed, Turkey perceived the creation of self-ruled Kurdish regions, both in Syria and in northern Iraq, as “safe zones” from which terrorists could carry out attacks against its territory, and also as a potential lever for future demands for autonomy by Turkish Kurds. Hence preventing any territorial contiguity of Kurdish-dominated areas and avoiding the establishment of a *de jure* independent Kurdish enclave close to its southern border under PYD/ YPG control have in recent years become primary goals for Turkey in the Syrian crisis, while the original aim of overthrowing the Assad regime has been downgraded.

However, the Kurdish factor and the redefinition of priorities in Syria have also affected Turkey’s relations with the United States on the one hand and Russia on the other, raising questions over its structure of alliances¹². US logistical and financial support to the YPG, Washington’s main ally on the ground in the fight against the Islamic State, has become a major bone of contention between the two NATO allies. Actually, since the beginning of the conflict in Syria Ankara and Washington have diverged on several sticking points. When the crisis started and the focus was on removal of the Assad regime, Turkey criticised the Obama administration’s lack of engagement in achieving that aim. After the establishment of the self-proclaimed Islamic State in late June 2014 Washington criticised Ankara for turning a blind eye to the passage of extremist militants through Turkish territory into Syria, and was alarmed by Turkish support for radical groups in the country. By then the war against terror was the US priority in Syria, and to that end it fully supported the Kurdish forces that proved to be crucial in shrinking the Caliphate’s territorial control. Unlike Ankara, Washington does not regard the PYD/YPG as terrorists and

¹² G. Dalay, *Breaking the Turkey–U.S. Deadlock in Syria*, GMF, April 2018.

does not perceive them as a security threat. These different perceptions have provoked frustration, mistrust and deep concern in Turkey about its American ally.

Simultaneously with this tension with Washington, Ankara's shifting priorities in Syria have brought it closer to Russia, the leading power broker in the conflict since its military intervention on the regime's side at the end of September 2015. Turkey has understood that Moscow will be crucial to any attempt to protect its own interests. In fact it was thanks to Moscow's blessing that Turkey was able to launch its military operations Euphrates Shield and Olive Branch to establish two separate buffer zones in northern Syria and forestall any territorial linking of the Kurdish-controlled areas. They were conducted with the support of Free Syrian Army units under the control of the Syrian National Council (SNC). In parallel with its military operations Turkey also engaged in diplomatic negotiations with Russia and Iran in the framework of the Astana peace process, acknowledging that only through compromise with Moscow and Tehran could it safeguard its own interests. Under that framework Turkey, Russia and Iran sponsored the creation in 2017 of four de-escalation zones in Deraa, Eastern Ghouta, Homs and Idlib. The first three of these were reconquered by the Syrian regime through violent military campaigns in 2018, but the governorate of Idlib – the last opposition-controlled area, which turned into a jihadi stronghold after jihadists wrested control from other opposition groups – has become the battlefield for the competing interests of internal and external players involved in the conflict.

Turkey's Roots in Northern Syria

Turkey's boots on the ground have undoubtedly changed the balance in northern Syria. Following its military operations, Turkey has expanded its sphere of influence in Syria and become a player inside the country with its own agenda, aiming to have a say in the resolution of the conflict and to shape the

post-war arrangement of Syria. Although there is so far no room for Turkey in the Assad regime's official plans for rebuilding the country¹³, Ankara has in fact taken big steps to reconstruct the areas under its control through governance and socio-economic interventions, moving beyond the need to clear its border of terrorist groups and steadily establishing a well-rooted presence in those areas of northern Syria under its control – more than 4,000 square kilometres of Syrian territory – by increasing their economic and political dependence on Turkey. While some analysts have talked of a “Cypriotisation” of northern Syria, noting resemblances to the Turkish military intervention in northern Cyprus in 1974¹⁴, others have described developments in the Turkish-dominated areas as a gradual process of Turkification¹⁵.

Although Erdogan has stated that his country does not intend to occupy Syria¹⁶ but only aims to protect its borders and improve the local humanitarian situation, this Turkish military presence followed by political, economic and cultural engagement in northern Syria would suggest a different story: for in trying to stabilise and reconstruct these areas Ankara has assumed direct responsibility and put down a Turkish footprint that seems to indicate a long-term commitment going well beyond Turkish flags in the streets and bilingual Turkish and Arabic signs on public buildings.

In the framework of a unified strategy aimed at undoing the territorial autonomy of Syrian Kurds, Turkey seems to have adopted different approaches for securing stability in the two main areas under its control¹⁷. In the area occupied

¹³ See Julien Barnes-Dacey's chapter 3 in this volume.

¹⁴ H.E. Cohen Yanarocak, *The Cypriotization of Northern Syria*, The Jerusalem Institute for Strategy and Security, 20 August 2018, <https://jiss.org.il/en/yanarocak-the-cypriotization-of-northern-syria/>

¹⁵ J. Van Leeuwen and E. van Veen, *Turkey in northwestern Syria. Rebuilding empire at the margins*, CRU Policy Brief, Clingendael, June 2019.

¹⁶ D. Guldogan, “Turkey only country in Syria for humanitarian reasons”, *Anadolu Agency*, 24 January 2019.

¹⁷ F. Gurini, *Turkey's lack of vision in Syria*, Carnegie Endowment for International Peace, 26 February 2019.

in Operation Euphrates Shield, which includes Azaz, al-Bab, al-Rai and Jarablus, Ankara seems to implement what has been described as an integrated, consent-based approach to reconstruction¹⁸. This seems to be favoured by the ethno-religious affinities with Turkey of the local Syrian population, mainly Turkmen and Sunni Muslim. In the areas between Jarablus, Azaz and al-Bab Turkey has overseen the establishment of local councils (the highest local authorities) closely linked to the Turkish provinces of Gaziantep, Kilis and Hatay. According to local officials the salaries of these councils' members are paid directly by Turkey¹⁹.

In addition, Turkey has undertaken comprehensive reconstruction efforts that range from training local police forces to issuing identity cards and providing basic services like water and electricity, as well as health and education. According to the Syrian opposition newspaper *Enab Baladi*, Turkey has invested considerable amounts in building highways to link the northern Syrian cities of al-Bab, al-Rai and Jarablus so as to facilitate trade between these areas and Turkey²⁰. In this context it is not surprising that private Turkish companies are the main contractors for projects to provide infrastructure and basic services to the population. The supply of electricity to Azaz by ET Energy is just one example of the activities of Turkish companies that have signed commercial agreements with local councils to provide services²¹. Another example is the residential project in Qabasin, a small city to the north of al-Bab, commissioned by the local council from a private Turkish construction company, for the building of 190 apartments, along with 95 shops, to house more than 2000 people²². Through direct ties

¹⁸ J. Van Leeuwen and E. van Veen (2019).

¹⁹ K. al-Khateb, [Poor services ignite protests in Suran and al-Bab](#), *Al-Monitor*, 22 April 2019.

²⁰ "From Afrin to Jarablus: A small replica of Turkey in the north", *Enab Baladi*, 19 August 2018.

²¹ *Ibid.*

²² "Syrians in FSA-controlled town rebuild their lives", *TRTWorld*, 2 February

with local councils, then, Turkey has obtained the lion's share of private reconstruction projects, and from a Turkish point of view this economic activism is also aimed at creating the conditions which will encourage the return of a significant portion of the refugees currently in Turkey: this remains one of Ankara's main objectives in the areas under its control²³. According to Turkish authorities around 330,000 Syrians have returned since 2017 when the Turkish military cleared the area of Islamic State militants²⁴.

As Turkey has taken on the management of education, religious activities and health services in the Euphrates Shield area, local salaries (local government employees, teachers, medical staff, etc.) are being paid in Turkish lira²⁵, laying the groundwork for close links with the Turkish economy. New schools have been opened, with Turkish curricula and teaching in Turkish as well as Arabic. Branches of the Turkish universities of Harran and Gaziantep have also been established in al-Bab and Jarablus, with courses in Turkish, Arabic and English.

In healthcare, Turkey's actions have included the reconstruction of health centres and a 500-bed hospital in al-Bab, run by the Turkish Health Ministry²⁶. Another hospital had already been opened in Jarablus in September 2016. The Turkish national post and telegraph directorate (PTT) has started to provide postal services and has established offices in Azaz, al-Bab, al-Rai and Jarablus, while Turkish Telecom has opened its first service centre in northern Aleppo.

Alongside private investment Turkey's state institutions have played an equally important part in the post-conflict

2019.

²³ M. Aslan, *Turkey's reconstruction model in Syria*, SETA Report, 2019.

²⁴ L. Pintel, *Turkey and US vow to establish north Syria safe zone*, *Financial Times*, 7 August 2019.

²⁵ S. EL Deeb, "Blurring the border, Turkey deepens roots in northern Syria", *AP Top News*, 19 June 2018.

²⁶ S. Cantürk, "Third hospital to open in liberated areas in northern Syria", *Daily Sabah Politics*, 16 April 2018.

stabilisation of northern Syria. One of the most remarkable examples is Diyanet, the Turkish Religious Affairs Directorate²⁷, which has been particularly active in hiring thousands of clerics and religious teachers among Syrians, as well as in repairing mosques and religious institutions destroyed by terrorist groups, spending around \$1.6m²⁸. Its engagement in educational activities and its profuse capital spending have been seen as a further sign of a long-term Turkish presence in the region²⁹.

In Afrin, on the other hand, which was occupied in Operation Olive Branch, there seems to be a different and more security-focused approach. Here most of the population are Syrian Kurds, and while the Turkish intervention aims to clear the area of the YPG it has also altered Afrin's demographics at the expense of the Kurdish majority, encouraging Arab families into the district. According to the United Nations 137,000 people were displaced in the first few months of military intervention³⁰. In the first year of occupation human rights organisations have reported abuses and violations of human rights, in large part perpetrated by armed groups supported by Turkey³¹. Furthermore, the construction of a wall around Afrin has raised many questions about Turkey's real intentions: while its primary purpose is certainly to strengthen security, there are concerns that the wall could be a move to annex the Syrian canton and to prevent the return of thousands of Kurds who had to leave after the Turkish intervention³². The reconstruction process has started in Afrin as well, though it is proving more difficult.

²⁷ P. Tremblay, "Diyanet flexes its muscles to back Erdogan's soft power in Syria", *Al-Monitor*, 1 October 2018.

²⁸ S. Sahin, "Turkey's religious body repairs 108 mosques in Syria", *AA*, 13 September 2018.

²⁹ P. Tremblay (2018).

³⁰ https://reliefweb.int/sites/reliefweb.int/files/resources/Afrin%20Flash%20Update_2.pdf

³¹ "One year on: Turkish cross-border operation to Syria's Afrin", *Ahval*, 20 January 2019.

³² P. Iddon, "Why Turkey is building a wall around Syria's Afrin", *Ahval*, 13 May 2019.

Nevertheless, in spite of efforts to secure stability through reconstruction, the way ahead is still long and difficult as Turkey has to face several challenges in the occupied areas. Divisions among the various groups provide the first challenge, especially in the Euphrates Shield area where there is a mixture of communities and refugees from various parts of Syria, often under the protection of different armed groups. Here Turkey's task includes containing possible violence provoked by divisions among the numerous militias operating in the region, militias that Ankara has tried to organise under the umbrella of a "Syrian National Army"³³. There have been popular protests accusing the local councils of poor service provision and corruption, especially in al-Bab and Azaz³⁴. In the Kurdish zones, on the other hand, the main challenge is a growing insurgency and attacks against Turkish forces³⁵. According to a Bellingcat report three anti-FSA groups – the YPG, Ghadab al-Zaitoun (Wrath of Olives) and Hezen Rizgariya Efrine (Afrin Liberation Forces) – have claimed responsibility for almost 220 attacks carried out between late March 2018 and the end of January 2019 in Afrin and in the Euphrates Shield territory³⁶.

The Next Step: Extending the Turkish Presence in Syria?

While there are many indications that the Turkish presence in northern Syria is not temporary, it is equally clear that the stabilisation of Turkish-controlled areas is far from being achieved: insurgency and the activities of armed groups constitute a serious threat. In Ankara's view, a sustainable solution in northern

³³ M. Hage Ali, *A Quagmire in the Making?*, Carnegie Middle East Center, Comments, 15 May 2019.

³⁴ K. al-Khateb (2019).

³⁵ Ibid.

³⁶ A. McKeever, "Wrath of the Olives: Tracking the Afrin Insurgency Through Social Media", *Bellingcat*, 1 March 2019.

Syria can be achieved only by extending its control to the region east of the Euphrates. Once the core of the Islamic State, this area extends across a third of Syria's territory and has a population of four million, together with significant energy and agricultural resources, currently under the control of the PYD/YPG. The US military presence in the north-eastern part of the country has been perceived as the main obstacle preventing Turkey from fully securing its border with Syria. More than once President Erdogan has urged the US to stop supporting the PYD/YPG and to allow Turkish troops to enter Manbij, a Syrian city west of the Euphrates where the US has maintained a military presence since capturing it from IS in 2016. In June 2018 Ankara and Washington agreed on a roadmap for the withdrawal of YPG troops from the city, but its implementation has been very slow. Control over Manbij is crucial for Turkey, which regards the largely Arab city in the northeast of Aleppo Governorate as a key strategic and trading hub.

Against this backdrop Ankara hailed President Trump's announcement in December 2018 that US troops would be withdrawn from Syria, as it intends to fill the vacuum left by Washington and to establish a safe zone extending 30-32 km from the Turkish border east of the Euphrates. However, finding common ground with the US has proved extremely difficult, and the prospect of US withdrawal has revived the competing interests and agendas of the various external and internal players, adding new stakes in an already tangled conflict.

Divergence on several issues – the size of the zone, the administration of Kurdish-majority cities and control of airspace, among other things – has delayed agreement for a year. Ankara has eventually announced that it has “limited patience”, and threatened to launch a military intervention in the areas east of the Euphrates even without Washington's agreement³⁷. In practice, Turkey would want the safe zone – the “peace corridor”,

³⁷ “Turkey will launch operation in Syria if safe zone not established: minister”, *Reuters*, 22 July 2019.

it has been called – to extend from the eastern bank of the Euphrates to Tell Abyad and to have a width of 30–32 km, including the towns of Kobani and Tell Abyad. Washington, for its part, has proposed a 15 km zone under the joint control of US and Turkish forces³⁸. In recent months the large-scale deployment of troops near the Syrian border suggested that this time Ankara was ready to move from words to action. Nonetheless, it would have been highly risky for Turkey to enter the Kurdish zone east of the Euphrates without American consent: about 1000 US Special Forces are still deployed there, together with 60,000 Syrians in the Syrian Democratic Forces (SDF), the main US ally on the ground fighting the Caliphate. Unilateral Turkish intervention seems to have been avoided for now, since Turkey and the US finally agreed on a Syrian safe zone at the beginning of August 2019. Although the terms of that US-Turkey deal have not been disclosed, the parties “agreed on the rapid implementation of initial measures to address Turkey’s security concerns, to set up as soon as possible a joint operations centre in Turkey to coordinate and manage the establishment of the safe zone together, and that the safe zone shall become a peace corridor, and that any additional measures shall be taken for our displaced Syrian brothers to return to their country”³⁹. While in this context a clash between Turkish and US troops has been avoided, implementation of the safe zone may prove a difficult process and may not meet Turkish expectations. The joint mechanism allows for a Turkish military presence across the border, but it seems to limit any Turkish penetration into Syrian territory to a depth of 32 km, at least for the moment.

Russian President Vladimir Putin looks upon Turkey’s agreement with the US for the creation of a safe zone favourably⁴⁰, although it could decrease Russia’s leverage on Ankara’s moves.

³⁸ A.J. Yackley, “US warns Turkey on Syria amid last-ditch talks to resolve buffer zone dispute”, *Al-Monitor*, 6 August 2019.

³⁹ L. Pintel (2019).

⁴⁰ A. Zaman, “Putin backs US-brokered security zone in Syria during Erdogan’s Moscow visit”, *Al-Monitor*, 27 August 2019.

Indeed, previous Turkish interventions in Syria were carried out after Moscow's approval. Although dialogue and diplomatic activity between Ankara and Moscow have intensified in recent months, Russia has not given the green light for a Turkish operation in north-eastern Syria. In fact, the Kremlin's ultimate goal in Syria is to reinstate Bashar Al-Assad's control over all Syrian territory, including the Kurdish-dominated areas in the northeast. In mid-January the Russian Foreign Minister Sergei Lavrov clearly stated that this part of the country should be restored to the regime and that the region's Kurds must find an accommodation with Damascus. In this context Moscow sees the prospect of Turkish military pressure to the east of the Euphrates as an opportunity to push the Kurds towards such an accommodation. Ankara, however, wants to avoid such a scenario, since a YPG-Damascus deal might see the PKK used against Turkey once again as a tool of the Syrian regime⁴¹. The prospect of an agreement to allow the Syrian Kurds some degree of autonomy in a Syria reunified under the regime in Damascus is likewise a source of concern for Ankara.

Another undesirable scenario would be an increase in the influence of the regime and its allies along Turkey's southern border. Indeed, limiting the presence of pro-regime forces sponsored by Iran is a further important objective for Ankara, though less openly acknowledged⁴².

In this context another crucial area for Turkish security is Idlib Province in northwest Syria. Turkey is redoubling its efforts to maintain its influence in Idlib, where it has twelve outposts that are supposed to act as a buffer between the regime and Turkish-backed opposition rebels, and to avoid a massive new displacement of people from the province into Turkish territory. In September 2018 Ankara and Moscow signed the Sochi agreement to establish a demilitarised zone in Idlib where the Syrian and Russian air forces would cease their attacks on

⁴¹ International Crisis Group, *Prospects for a Deal to Stabilise Syria's North East*, Middle East Report no. 190, 5 September 2018.

⁴² Ibid.

condition that Turkey and its affiliated forces – the National Liberation Front – would clear Idlib of the jihadi factions led by the Hayat Tahrir al-Shams (HTS, linked to the former al-Qaeda affiliate Jabhat al-Nusra, which took control of the majority of the province's territory). The presence of jihadi militants, which Ankara has not been able to eradicate so far, has in recent months given the regime and its allies an excuse to launch a military campaign that could turn into a huge humanitarian catastrophe, as about three million people are estimated to be in Idlib, half them displaced from other opposition-controlled parts of Syria retaken by the regime over the last few years. The threat to Ankara is that of a new influx of refugees, unaffordable not only because of the huge economic cost but also because of rising discontent over the Syrian refugees' presence in Turkey, which has become a highly sensitive issue in domestic Turkish politics: according to opinion polls, Syrian refugees are currently the second greatest source of concern for Turks after the economy⁴³.

Conclusion

So far, Turkey has not hesitated to undertake the costs and the risks of a role in Syria, and its proactive military engagement, along with stabilisation and reconstruction efforts, have in some cases been successful. Turkey's actions in the northern areas under its control, together with recent developments, suggest that Ankara seems determined not only to remain in Syria but also to play a major role there in order to benefit itself and its Syrian allied forces in any future settlement of the country. But the other side of the coin must not be ignored: an extended role is likely to be more costly and risky, and it is an open question whether Turkey will be able to sustain the costs and risks of heavy engagement in Syria. Ankara is trying to get as

⁴³ S. Idiz, "Has Turkey's policy on Syria refugees started to backfire?", *Al-Monitor*, 1 August 2019.

much advantage as possible and strengthen its position relative to other external players and to Assad, for in the end it cannot avoid dialogue with the regime in Damascus. That, indeed, is the option favoured by Moscow, which last January suggested reviving such dialogue on the basis of the Adana Accord⁴⁴ which had paved the way for bilateral détente at the end of 1990s. However, this option is not likely to materialise under current circumstances: on the one hand, the two governments differ on the PYD/YPG and on the settlement of areas of northern Syria in the future; on the other, Turkey has been and is still the main sponsor of Syrian opposition groups and of their vision for a new Syria.

⁴⁴ F. Tastekin, “[Putin proposes old yet novel idea for Turkey-Syria crisis](#)”, *Al-Monitor*, 29 January 2019.

5. Syria's Reconstruction: Risks and Benefits for Lebanon and Jordan

Bachar El-Halabi

The post-war reconstruction of Syria has been given considerable attention by the governments of Lebanon and Jordan. The Lebanese Foreign Minister, Gebran Bassil, first moved the issue up his agenda in 2015 following a definite turning of the tide in the Syrian war, framing it as a strategic opportunity for the country and its ailing economy. Bassil, son-in-law to the current President and a presidential hopeful himself, seems convinced that Lebanon can play a key role in the reconstruction of Syria. Meanwhile Jordan's pressing economic needs oblige it to seek further trade and development opportunities in order to support an ailing economy that has severely suffered from the conflict next door. In theory, once reconstruction takes off, if and only if, following a political agreement to solve the Syrian conflict, it offers an economic and financial potential that should be seized by both countries. But while the regime of President Bashar Al-Assad remains in place such an opportunity might come at too high a political price. Moreover none of the various stakeholders, whether Lebanese, Jordanian, regional or international, has so far offered any clear strategy for the process or views as to which parties should be involved.

The Lebanese Political Context

Since the start of the Syrian conflict in 2011 the Lebanese government, then headed by Prime Minister Najib Mikati, attempted to abstain from taking an active part in the conflict. While other regional powers (Iran and the Gulf Co-operation Council – GCC) seized on the conflict to polarise the entire region still further, the Lebanese government struggled to maintain an officially neutral foreign policy. However, this stance of “assumed neutrality or dissociation” was soon shaken as the Lebanese militia, Hezbollah, intervened directly in military operations in Syria as an instrument of Iranian and Russian support for President Assad who, as a provisional ally, has now secured at least some of his power and survived the crisis on the short to medium term. As a result, the prevailing political discourse in Lebanon opened the door to systematic calls by pro-Assad parties and politicians to re-engage with the regime and restore normal relations.

In this context the reconstruction of Syria and the return of refugees became the two drivers of a realignment of Lebanon's foreign policy in favour of the Russian-Iranian axis and consequently the Syrian regime. These moves were championed by Hezbollah, by Gebran Bassil (leader of the Free Patriotic Movement, a right-wing Christian nationalist party), to a lesser extent by Nabih Berri (Speaker of the Parliament and leader of the Shia-Amal movement), and by a few other Lebanese politicians that owed their allegiance to the Assad regime. In recent years the shift of power away from Prime Minister Saad Hariri's pro-Western camp to that of Hezbollah and others¹, which culminated in the latter's parliamentary majority after the elections of summer 2018, lends more significance to the calls for

¹ At the moment in Lebanon, the following parties are allied to Hezbollah and benefit from the party's growing influence around the region: Free Patriotic Movement, Amal Movement, Tashnaq, Lebanese Democratic Party, Syrian Social Nationalist Party, Communist Party, Marada movement, Arab Socialist Baath Party.

normalisation. Under a recent power-sharing arrangement Hezbollah and Bassil have become the architects of Lebanon's foreign policy, which is now more aligned with the Damascus-Tehran-Moscow axis².

This high-jacking of Lebanese foreign policy by Hezbollah and Bassil was made clear at the 4th Arab Economic and Social Development Summit, hosted in Beirut, which called for Syria's return to the Arab League – still a contentious issue regionally and in Lebanon. In doing so they capitalised on the reopening of the Damascus embassies of Bahrain and the United Arab Emirates late in 2018. Although Hezbollah and Bassil agree on maintaining Assad's power in Syria, each has its own political agenda: the Assad regime offers Hezbollah strategic depth and an insurance policy for its survival (and *vice versa*), while Bassil is looking at the massive financial opportunity of the rebuilding process as well as a source of support to shore up his perceived prospects of succeeding his father-in-law as Lebanon's next President in 2022.

In his address to the Arab Economic and Social Development Summit the President of Lebanon, Michel Aoun, discussed the cost to his country of hosting refugees from Syria and Palestine, and urged the international community to bring about conditions allowing the safe return of the “displaced Syrians”³. At the same time he rejected the international consensus on the safe return of Syrian refugees and queried the need to make such returns conditional on a political solution in Syria. Aoun also launched an initiative to set up an Arab Bank for Reconstruction and Development, and called on Arab institutions and funding bodies to meet again in Beirut “to discuss the reconstruction of Arab states ravaged by war”.

Within Lebanon, after years of whipping up sentiment against Syrian refugees, Aoun's and Bassil's political rhetoric has

² B. El-Halabi and R. Jamil, “Lebanon: From the 1984 Intifada to the 3rd Republic”, ISPI, 27 February 2019.

³ The official terminology adopted by Hezbollah, President Aoun and Bassil is that of displacement and not of refugeehood, for political reasons.

achieved a breakthrough in Lebanese public opinion, which is now convinced that the country's ailing economy, administrative woes and lack of basic services result from the presence of the refugees, their numbers rhetorically exaggerated at two million for political purposes while in reality the official UNHCR figures for registered Syrian refugees in the country is one million⁴ and the latest census by the Lebanese-Palestinian Dialogue Committee reports 240,000 Palestinian refugees⁵. As these politicians successfully divert the frustration of many Lebanese away from their government towards the refugees, calls for normal relations with the Syrian regime as a necessary precondition for its co-operation on the return of refugees have gained legitimacy although no official steps have yet been taken in practice. Even Saad Hariri, once a vocal supporter of the Syrian uprising, addressed a donor conference in Brussels a few months ago and urged the European Union to put pressure on the Syrian regime to facilitate the return of refugees since they had become "a huge burden on the Lebanese state"⁶.

The Lebanese Context: the Russian and US Factors

Having successfully safeguarded its strategic interests in Syria by securing the naval base at Tartous – its most important strategic asset in the Middle East – and ensuring that Assad stays in power, Russia has earned much credibility among Arab authoritarians in the region as a reliable ally. Moscow is now eyeing the spoils of its intervention and planning to carve itself a major slice of the money needed for Syria's reconstruction by securing contracts in

⁴ Operational Portal Refugees Situation, <https://data2.unhcr.org/en/situations/syria/location/71>

⁵ Lebanese Palestinian Dialogue Committee, Central Administration of statistics, Palestinian Central Bureau of Statistics, *The Population and Housing Census in Palestinian Camps and Gatherings - 2017*, Key Findings Report (Population, Buildings and Housing Units), Beirut, Lebanon, 2018.

⁶ G. Azar, "Hariri calls on EU to exude pressure on Syria to return refugees", An-Nahar, 14 March 2019.

a wide range of sectors such as the construction of power plants and other infrastructure. To achieve this, the Russian President Vladimir Putin has been trying to use the Syrian refugees as a bargaining chip, offering to facilitate their return home in exchange for Western financial assistance to Syria.

Putin has argued for this trade-off throughout the past year banking on the rising anti-refugee sentiments among citizens of Western countries. He explicitly discussed the idea with President Donald Trump at the Helsinki summit, and with the Europeans in Berlin. He has claimed that at least 1.7 million refugees could go back to Syria in the near future. The Russian government has also announced that it was going to set up joint committees with refugee-hosting nations such as Lebanon to facilitate their return.

In a disingenuous *quid pro quo* the newly-formed Lebanese government dominated by Hezbollah and Bassil, in its inaugural policy statement in February 2019 setting out its general intentions, approved the Russian initiative⁷ as a basis for its approach to the return of Syrian refugees. The previous Lebanese government had already awarded contracts for offshore oil exploration and the management of oil storage facilities to the Russian oil and gas giants Novatek and Rosneft⁸. These moves signalled an increase in Russian influence over the country and were intended to curry favour with Moscow on several fronts.

In recent years belief in the benefits of closer ties with Moscow and accommodation of its growing influence in the region has rapidly become established among the Lebanese business and political elite. The belief stems from Russia's "relative success" in Syria and the view that Russian help could ensure a role for that elite in the eagerly expected reconstruction bonanza. For instance, Prime Minister Hariri has visited Moscow regularly over the past few years (since 2015) and it is reported that on

⁷ "Lebanon to rely on Russian strategy for return of Syrian refugees: Minister", *PressTV*, 6 February 2019.

⁸ M. Krantz, "Russia expands ties in Lebanon's oil, gas sector", *Al-Monitor*, 10 April 2019.

his most recent official visit in the summer of 2018 he obtained a Russian promise “not to exclude Lebanese construction companies from the reconstruction of Syria”⁹.

The US administration of President Donald Trump, on the other hand, adopted a radically firmer policy than its predecessor towards Lebanon, and towards Hezbollah in particular. It has increased pressure on the former and imposed stifling sanctions on the latter in an attempt to curb its growing influence, along with that of Iran, both in Lebanon and in the region generally. Since January various US officials – Mike Pompeo the Secretary of State, David Hale the Under Secretary for Political Affairs, and David Satterfield a former Assistant Secretary of State for Near Eastern Affairs – have regularly visited Beirut with four main items on their agenda: 1) pressuring Lebanon not to invite Syria to attend the economic summit; 2) slowing down the Lebanese-Syrian rapprochement just as the US slowed the one between Syria and the Gulf States; 3) threatening to impose sanctions on Lebanon if it participates in Syria’s reconstruction before a political solution has been reached in Syria; and 4) mediating on the demarcation of the land and sea borders between Lebanon and Israel¹⁰.

Lebanon’s official stance on the US demands has been half-hearted compliance: the government is trying to facilitate the process of demarcation, Syria was not invited to the economic summit¹¹, but on Syrian reconstruction Aoun-Bassil has stuck to their guns.

We have been suffocated by the war in Syria, and Arab markets
have been shut in our face. It is not reasonable for us to suffocate

⁹ A. Hammoud, “General start of reconstruction of Syria . Where is Lebanon 2019?”, *Almashra*, 2 January 2019.

¹⁰ These points were confirmed through a secret cable sent by the Lebanese embassy in Washington to Beirut and obtained by the pro-Hezbollah newspaper *al-akhbar*. Al-Akhbar, “Washington: Lebanon Forbidden to Participate in Syrian Reconstruction”, *The Syrian Observer*, 17 January 2019.

¹¹ “Senior US envoy in Beirut amid Lebanon border dispute”, *The Daily Star Lebanon*, 14 May 2019.

ourselves in a time of peace. We are at the forefront of those calling for Syria to return to the Arab League... After war there is building. Is it reasonable that we punish ourselves and not participate because there are countries that have prevented us and will impose sanctions if we participate? Lebanon is interested in taking part in Syria's reconstruction, and this must be taken into account¹².

These were Bassil's firm words after meeting David Hale on a visit to Lebanon in January. After Mike Pompeo had come to Lebanon in March, Aoun flew to Moscow on an official state visit with his son-in-law Bassil, and after meeting Putin stressed the importance of bilateral relations and economic co-operation with Russia as Lebanon prepared to implement an economic plan, emphasising his country's "key role in the reconstruction phase in Syria, in the co-ordination of which process Lebanon's geographical location and the experience of Lebanese businessmen will be key"¹³.

There is therefore a widespread belief in Lebanon that the country will participate in the reconstruction process regardless of Western sanctions. That belief is partially based on the special payment system recently developed by the UK, France and Germany for bypassing US sanctions on Iran, known as the Instrument in Support of Trade Exchanges (INSTEX). Agence France Presse (AFP) reported in July that in an attempt to duplicate that European mechanism Iraq was establishing a financial loophole, a Special Purpose Vehicle (SPV) to continue buying vital gas and electricity from Iran despite US sanctions: the SPV would allow Baghdad, which suffers from a massive energy shortage, to pay for imported Iranian energy in Iraqi dinars which Iran could use only to buy humanitarian goods, without triggering US sanctions¹⁴. Lebanese officials are convinced that,

¹² "Washington: Lebanon Forbidden to Participate in Syrian Reconstruction"..., cit.

¹³ <http://nna-leb.gov.lb/ar/show-news/399728/nna-leb.gov.lb>

¹⁴ "Iraq sets up 'loophole' in US sanctions to buy Iranian power", *AFP*, 2 July 2019.

if Assad remains in power and the West continues to impose sanctions, countries wanting to participate in the reconstruction process could find a way to bypass those sanctions. This is one possible explanation for Bassil's persistence concerning Lebanon's role in Syrian reconstruction.

Another reason could be an expectation that the US, Israel and Russia might come to an understanding whereby Israel and the US would offer Russia incentives to curb Iran's influence in Syria. John Bolton the US National Security Adviser, Meir Ben-Shabbat his Israeli counterpart and Nikolai Patrushev the Secretary of the Russian Security Council met in Jerusalem in June – the first event of its kind to be held in Jerusalem¹⁵. According to Israeli media reports, in that three-way meeting Israel and the US demanded that Russia ensure the withdrawal of Iran's forces from Lebanon and Iraq as well as from Syria as a condition for US and Israeli support for a long-term arrangement to secure peace in the war-ravaged country¹⁶.

This could include bringing Syria back into the Arab and international folds, tolerating increased Russian influence over the Syrian state and loosening Western sanctions while urging various stakeholders to contribute the massive funds needed for the reconstruction of Syria. This implicitly offers the Lebanese business and political elite an opportunity to benefit from such a deal. However, since the influence of Iran and Hezbollah in Syria has not diminished at all and they retain their full presence “on the ground”, any attempt to exclude them from future political or economic processes in Syria will risk a severe response from both: their alliance remains a powerful destabilising influence which will need watching, in Syria especially.

¹⁵ T. Staff, “Israel, US to suggest legitimizing Assad if Russia curbs Iran in Syria – report”, *The Times of Israel*, 2019.

¹⁶ “At summit with Russia, Israel and US demanded Iran leave Lebanon, Iraq report”, *The Times of Israel*, 2019.

Lebanese logistics

The northern city of Tripoli, the second-largest city in Lebanon and the capital of the North Governorate, overlooks the eastern Mediterranean and is the country's northernmost seaport. Formerly a financial centre rivalling Beirut in economic and commercial importance, the city was cut off from its traditional trade relations with the Syrian hinterland upon the formation of Lebanon and the breakup of the Syrian-Lebanese customs union in 1948, and declined in relative prosperity. In Prime Minister Rafic Hariri's reconstruction plans after the Lebanese civil war Beirut got the lion's share, and Tripoli has been neglected and marginalised ever since. During the 1990s it suffered under Syrian occupation and was riven by violence. Syrian occupation ended with Rafic Hariri's assassination in 2005, but the resulting power vacuum in the city bred further disorder.

During the Syrian conflict Tripoli has hosted an estimated 100,000 Syrian refugees out of the 247,000 in northern Lebanon as a whole. The figures are for refugees registered by the UNHCR, but unofficial reports suggest the true number is twice as high. Tripoli's position on the Mediterranean coast now brings it a promising opportunity of becoming a financial and trading hub.

A mere 30 km from the Syrian border, Tripoli's Special Economic Zone (TSEZ) and its port – Lebanon's second largest after Beirut – are expected to play a prominent role in the future reconstruction of Syria. There are several factors in Tripoli's favour here: one is its proximity, another its historic social and family ties with the big coastal cities of Syria, and another is the human and institutional resources it could provide.

Tripoli's Special Economic Zone, established in the year 2008, covers 590,000m² and is intended to create more than 5,000 jobs by developing the economy of the area and the country. The TSEZ could attract investment from Lebanon and abroad: it offers preferential access to regional trade blocs such as the Pan Arab Free Trade Agreement, the EU Association Agreement and the free trade agreement with Turkey. The

investment expected in various industries will increase exports and create jobs. The significant advantages of its location should assure it a major role as a hub for Syrian reconstruction as well as a platform for oil and gas activities (both upstream and downstream) and easy access to the growing economies of the Gulf, the Levant and North Africa.

As the war in Syria moves slowly towards its end, Tripoli's authorities have begun investing in the city's economic zone and its port. In 2017 its Chairperson Raya Haffar El Hassan, currently also Minister of the Interior, reinstated the project in full and announced that the Council of Ministers would grant the necessary funds for its development and completion. El Hassan hopes that the Zone will be issuing its first license for business by 2020¹⁷.

The current plan to expand the Port of Tripoli (PoT) will triple its size and increase its storage capacity from 400,000 containers to 1.3 million. Ahmad Tamer, the port's manager, estimates that Syrian reconstruction will create a demand for 30 million tons of cargo capacity annually. Syria's chief ports, Tartous and Latakia (also on the Mediterranean) have a combined capacity of 10 to 15 million tons, according to a *Financial Times* interview with Tamer¹⁸. He wants his port to be ready to take up some of the remainder. "We could provide up to 5 or 6 or 7 million tons", he says. The PoT aims to attract foreign investors and encourage Public-Private Partnerships (PPP) to finance the full cost of expansion, which is estimated at between \$350m and \$400m.

In addition to the port and the economic zone, Tripoli hosts strategic economic facilities that are being revived and will ultimately be used to position the city as an economic and logistical hub for the region. An upgraded highway network provides quick and easy access to the rest of Lebanon and beyond it to

¹⁷ "Tripoli economic zone ready for infrastructure works", *The Lebanese build, they don't exploit (LIBC)*, 15 July 2015.

¹⁸ C. Cornish and A. Zhang, "Lebanese port eyes China as it sells itself as hub for Syria", *Financial Times*, 3 January 2019.

Syria, Iraq and Turkey; an airport, the Rene Mouawad Air Base, formerly known as Al Qulay'at Airport, has a 3 km runway that can cater for nearly all commercial passenger and cargo planes and is only 7 km from the Syrian border; and a 35 km railway is planned to link the Port of Tripoli with Syrian and other international networks¹⁹. The focus will be on air, sea, rail, and road routes for goods to, from and through Syria for humanitarian relief and future reconstruction. These projects will generate revenue themselves and through their associated economic activities (tariffs, concession contracts, etc.)

Stakeholders

Various countries have expressed an interest in Syria's reconstruction in recent years. Last September the Syrian government held the 60th Damascus International Fair to promote opportunities for investment in Syria, with participation by governments and/or companies from 48 Arab and other countries including Jordan, Lebanon, the Czech Republic, Iran, Russia, China, Iraq and the United Arab Emirates, indicating an interest in the reconstruction process²⁰. In defiance of European and American policy the UAE, a close ally of the West, hosted a high-profile meeting in January for a Syrian trade delegation headed by the businessman Samer Foz and the MP Mohammed Hamsho, both of them on the US-EU sanctions list²¹. One explanation for the UAE's assiduous attempts to bring Syria back into the Arab fold is its interest in playing a role in Syria's reconstruction. The UAE continued to welcome Assad's family and cronies during the war years and was not

¹⁹ "Why Tripoli. City Overview", Tripoli Special Economic Zone.

²⁰ *Syrian Arab News Agency (SANA)*, "Damascus International Fair In Its Sixtieth Session 2018", Syrian-Chinese Business Council, 5 September 2018; "Promising foreign and Arab participation in Damascus International Fair", *Syrian Arab News Agency (SANA)*, 8 September 2018.

²¹ The Associated Press, "UAE Holds Trade Meeting With U.S.-sanctioned Syrian Businessman", *Haaretz*, 22 January 2019.

involved in arming the anti-regime forces, so it will be well placed to win business in Syria.

In Lebanon itself the Emirati company Gultainer won a lease for 25 years from 2013 on the container terminal in the Port of Tripoli, undertaking to invest up to \$100m in the port's expansion. There are French and Saudi stakes in the reconstruction process, too: the world's third-largest shipping group, the French CMA-CGM, has bought a 20% stake in Gultainer Lebanon, and the Islamic Development Bank based in Saudi Arabia has approved an \$86m loan for further expansion of the port. There also seems to be an ambitious plan for a Free Zone promoted, according to the port's Director, by the Russians and Chinese. The Saudis are showing increased interest in the TSEZ and a delegation from its Shura Council has visited Tripoli in June 2019 to get acquainted with the ongoing development plans there.

China, the world's second-largest economy, is considered the most realistic big investor in Syria's reconstruction. The Chinese firm Qingdao Haixi Heavy-Duty Machinery Co. has sold the port two 28-storey container cranes capable of lifting and transporting more than 700 containers a day – the safety signs inside the structures are in English and Mandarin. A container vessel belonging to the Chinese state-owned shipping company COSCO docked in Tripoli last December, inaugurating a new maritime route between China and the Mediterranean.

In May a Chinese delegation to Lebanon outlined plans for a coastal railway between Beirut and Tripoli as part of broader investment in transport links across the region. According to Eliana Ibrahim, President of the China Arab Association for Promoting Cultural and Commercial Exchange, Chinese plans this railway to connect Beirut with Tripoli and then Homs, Aleppo and beyond. Such a vast network would cost billions of dollars to build and maintain, but the Chinese are not dissuaded by the price. In an interview Ibrahim justified the cost, saying “[I]f you just rely on people taking the train to go to work,

it is not enough. You have to rely on cargo, on goods”²², further proof of Tripoli’s intended role as an economic hub first for the reconstruction of Syria and later as a trading point.

Indeed, before the war in Syria goods heading as far afield as Iraq used to come through Lebanese ports to avoid the voyage through the Suez Canal and around the Arabian Peninsula.

Aside from the strategic importance of the port of Tripoli, Lebanon seems to have other competitive advantages in its intimate knowledge of Syrian markets, its educated labour force, its construction-related enterprises such as cement factories, and its banking sector which already has a presence in Syria²³. Lebanese entrepreneurs also have the relevant know-how, having participated in rebuilding post-war Lebanon and Iraq. The engineering giant Khatib & Alami is expected to be one of the Lebanese companies that will play a major role in the reconstruction process.

Jordan Hopeful

Lebanon and Jordan are two of the countries most affected by the Syrian crisis. Lebanon has the world’s highest proportion of refugees to citizens, but Jordan comes second with 89 refugees per 1,000 inhabitants according to the UNHCR’s December

²² “Chinese delegation discusses plans to revive Lebanon’s railway”, *The Daily Star*, 24 May 2019.

²³ After decades of state monopoly, privatisation in the early 2000s opened up the Syrian banking sector. Foreign private banks were able to enter the Syrian market in partnership with local shareholders. Seven Lebanese banks were first to enter: Fransabank, Bank Audi, Blom Bank, Byblos Bank, Banque BEMO, Banque Libano-Française and First National Bank. With the 2011 imposition of international sanctions targeting Syrian regime officials and commercial entities – including banks accused of financing state repression – Lebanese bankers have become extremely cautious with all Syria-related transactions. In recent years, Lebanese bankers have stepped down from the boards of directors of their Syrian subsidiaries, shrunk their Syrian bank branches and deconsolidated, distancing themselves from their Syrian operations. Some have written off their investments in Syria entirely.

2018 Fact Sheet. The country hosts 666,294 registered Syrians, most of them in urban areas and over 85% are living below the poverty line (US\$96 per person per month)²⁴. However, unofficial numbers suggest that there are about 1.4 million Syrian refugees in the country, with only 20% in the refugee camps at Za'atari, Marjeeb al-Fahood, Cyber City and Al-Azraq and the other 80% dispersed in the community.

Following the 2008 financial crisis and a fall in remittances from abroad, the Jordanian economy suffered further from the influx of refugees fleeing war in neighbouring countries (Syria, Iraq & Yemen), from the closure of borders with Iraq and Syria (a vital market for Jordan's exports) and from falls in investment and in tourist income, not least due to the economic slow-down in the Gulf countries. With a soaring national debt of nearly \$40bn, a relatively high unemployment rate of 18.6% (youth unemployment is 35%), and a debt-to-GDP ratio of 95%, the \$10bn in aid which Jordan has reportedly received since 2011 is not enough to ensure the country's stability.

Jordan has recently implemented several reforms to put its economy on a growth path, and is trying to revive trade with its neighbours, especially Iraq. In February 2019 the international donor community came to Jordan's aid once more in the London Initiative, a partnership between the country and an international alliance of companies, investors and businessmen designed to help Amman meet its obligations to its own people and to the refugees. Amman received an aid package of \$2.6bn²⁵ "in recognition of its role in protecting stability in the region and in recognition of its efforts to host Syrian refugees". The object was to support the country's attempts to achieve social and economic development and to proceed with its infrastructure plans.

²⁴ "UNHCR Jordan Factsheet - January - December 2018", *ReliefWeb*, 20 December 2018.

²⁵ "Grants and loans to Jordan through the London Initiative Conference", *Arabisk*, 1 March 2019.

However, according to the World Bank's most recent report the economy still faces major challenges and is in dire need of further diversification and less dependence on outside loans and grants. This is where Syria becomes an important factor in Jordan's complex politics and economics.

Making south-western Syria secure is strategically important for Jordan so that the conditions can be created for the safe return of refugees. In theory this should be followed by a reconstruction process which generates a pull factor for Syrians living in Jordan. It implies a financial opportunity for Jordanian investors and companies, one which should considerably boost the country's economy.

The Naseeb-Jaber northern border crossing, closed in 2015 due to security concerns, is recognised as vital to the Jordanian economy, and has therefore been an essential factor in shaping Jordan's policy towards Syria and the Assad regime. Although King Abdullah was the first Arab leader to demand that Assad step down, Jordan and Syria never severed ties completely.

Before the outbreak of the Syrian civil war the crossing was used for trade with Syria, Turkey and Lebanon to the north and trade between Jordan, Egypt, and the Gulf to the south. Nearly 17% of all Jordan's exports, around \$270m, passed through the Naseeb border before 2011. Moreover the free trade zone (FTZ), which was established in the mid-1970s to facilitate interstate commerce and investment, processed \$1.5bn worth of transit goods each year at its peak, and employed approximately 4,000 Syrians and Jordanians²⁶.

The reopening of the northern Naseeb-Jaber border crossing in October 2018 after an agreement between the Syrian and Jordanian governments signalled a slight improvement in relations between the two countries. The border crossing is vital to Jordan's economy, and exporting goods through it is three times cheaper than exporting through the Gulf of Aqaba, according

²⁶ R. Mogielnicki and G. Wermenbol, *Border opportunities: Reviving the Jordan-Syria free trade zone*, Middle East Institute, 20 November 2018.

to the head of the Chamber of Commerce of the Jordanian city of Ramtha, Salam Thyabat²⁷. A well-planned FTZ can also help ease economic pressures in Jordan's northern border regions. According to two Oxford University professors, the FTZ could ensure better support for humanitarian agencies by creating an efficient entry-point into Syria and a co-ordination centre for post-conflict stabilisation and reconstruction efforts. This would also further Jordan's aims for industrial development²⁸.

Yet the reopening of the border crossing did not yield the expected results. The Syrian government has drastically increased tariffs in order to exploit reviving trade; customs dues on big trucks increased from a standard rate of \$10 to \$62, and the two countries have also banned certain imports, the Syrian regime doing so first²⁹. Damascus justified the massive rise in tariffs and the ban as an investment in Syria's national interests – specifically its damaged infrastructure³⁰.

Jordan's ailing economy, rising discontent and ongoing protests over austerity measures and tax increases will force its government to take some hard decisions. Initially a staunch ally of the West and of the Gulf states (mainly Saudi Arabia), Jordan is now coming to realize that getting the refugees returned and securing a place in Syria's reconstruction plans will require closer diplomatic engagement with Russia and the Syrian regime.

Amman's drive for reconstruction

Jordan has been trying to position itself as a beneficiary of Syrian reconstruction for a while now. A series of steps has brought Amman closer than any other neighbouring government. In August 2017 it hosted an international conference

²⁷ A. Ayyoub “Reopening Syria-Jordan border crossing: An economic lifeline for Amman”, *Middle East Eye*, 28 October 2018.

²⁸ A. Betts and P. Collier, “Jordan's Refugee Experiment”, *Foreign Affairs*, 28 April 2016.

²⁹ “Prevent the introduction of citrus coming from Syria to the Kingdom”, *Sawalej*, 6 March 2019.

³⁰ “Jordan bans imports of 194 Syrian goods”, *Middle East Monitor*, 25 April 2019.

for the reconstruction of Syria which brought together local and regional construction companies and developers under the banner of “transforming the Syrian crisis into a real economic opportunity”³¹. In August 2018 the Jordanian ambassador to Moscow, Amjad Adaileh, called for co-operation between his country and Russia in order to turn Jordan into a logistical hub for Syrian reconstruction, highlighting the attractions of the country’s business-friendly banking and legal systems to outside investors³². Lastly, in September 2018 a Jordanian delegation headed by Ghassan Kharfan, First Deputy Chairman of the Amman Chamber of Commerce, attended the Damascus International Fair and set up a special committee to work on improving commercial and industrial co-operation between the two countries³³.

Jordan’s proximity to Syria, like that of Lebanon, makes it essential to the reconstruction process, which is why it has attracted international investors interested in playing a part in that process. China, which has already invested over \$2bn since 2015 in strengthening Jordan’s infrastructure and energy sectors, has expressed a desire to invest in Jordan as a centre for reconstruction efforts in Syria and Iraq³⁴. China is already financing a number of vital and important projects in the Kingdom, including a contribution of \$1.6bn to a \$2.2bn shale oil project. In July 2018 Beijing followed up those expressions of interest by announcing an ambitious development plan for the Middle East, including \$20bn in loans for regional development and nearly \$100m in reconstruction assistance for Jordan, Syria, Lebanon, and Yemen³⁵.

³¹ “Syria’s reconstruction starts from Jordan”, *Abdath*, 12 August 2017.

³² “Al-Adayla: Syria’s reconstruction is a Jordanian interest and a matter for Jordan”, *Alrai*, 13 August 2018.

³³ “Jordanian delegation heads to 60th Damascus International Fair”, *Roya News*, 4 September 2018.

³⁴ “Chinese ambassador: Jordan will be center of Syria, Iraq reconstruction”, *Jordan News Agency*, 25 February 2018.

³⁵ L. Zhou, “China pledges US\$23 billion in loans and aid to Arab states as it boosts ties in Middle East”, *South China Morning Post*, 10 July 2018.

After the reopening of the Emirati and Bahraini embassies in Damascus in December 2018, Jordan upgraded its diplomatic relations with Syria by appointing a *chargé d'affaires*, justifying the move as another step towards getting assurances from the Syrian regime that would encourage Syrian refugees to return to their homeland³⁶. In February 2019 the Syrian government received a delegation from the Jordan Contractors' Association in Damascus: the Syrian Minister of Public Works proposed projects that would involve Jordanian companies in rebuilding roads, bridges, water networks and residential areas³⁷. Conversely after the opening of the Naseeb-Jaber border crossing Amman hosted physicians, pharmacists, engineers, contractors and legal associations in an effort to enhance relations between the two countries and discuss business opportunities that would benefit both economies³⁸.

Jordan's strategy seems to be motivated by the idea that if and when reconstruction begins Jordan ought to be positioned so as to maximise its opportunities to generate business for Jordanian companies producing and exporting construction materials and food to Syria. This would also create reconstruction jobs in Syria and provide an incentive for refugees to return, as many of them have slipped into poverty without access to jobs.

The challenges facing Jordan

At the moment Jordan finds itself in an unenviable dilemma. Its economic plans presuppose the normalisation of previously tense relations with the Syrian regime, tending to give it legitimacy, but the move will face criticism and provoke reactions from Amman's closest allies, the West and Saudi Arabia. Though the revival of trade routes is necessary for the economy's survival it challenges firmly-entrenched American and

³⁶ "Jordan's relations with Syria", *The Jordan Times*, 24 January 2019.

³⁷ T. Luck, "Jordanians pin hopes on rebuilding opportunities in Syria", *The National*, 14 February 2019.

³⁸ R. Omari, "Syrian delegation in Amman in latest attempt to restore ties", *The Jordan Times*, 4 January 2019.

European policies of discouraging economic relations with Syria until Assad steps down.

After the moves that led to the improvement of diplomatic relations between Jordan and Syria the United States sent Jordanian businessmen a strong message through its business attaché at the US embassy in Amman at a meeting in March 2019. In a step that angered Jordanian businessmen and MPs, the Americans reportedly ordered them to halt any economic activities with the Syrians and to focus only on trade with Iraq and the reconstruction process there. The attaché threatened to use the Caesar Syria Civilian Protection Act 2018 against anyone doing business with Assad's regime³⁹. Jordanian MPs denounced this as "interference in Jordan's internal affairs" and sent a communique to the Prime Minister, Omar Razzaz, insisting the government reconsider the American demands.

However, according to Fares Braizat, Chairman of the Amman-based think tank NAMA Strategic Intelligence Solutions, "[I]f you prevent Arab countries from working in Syria, particularly Jordan and Egypt, because of sanctions, then you are basically giving Iranians more leeway, more access, and more reasons to stay in Syria at the request of the Syrian government"⁴⁰. This view has become more prominent in the Jordanian media recently, most strongly expressed by members of a Jordanian parliamentary delegation that visited Assad in January 2019. "We are sending the message to our allies in the US and Europe: Syria is a doorway to the world for us, do not prevent us from opening it" said Qais Zayadin, a member of the delegation, following his meeting with Assad.

Many Jordanian construction firms and importers have no ties to US companies or US assets and might be willing to take the risk in order to get contracts in Syria, on the supposition that Washington will not go out of its way to target small companies in Jordan.

³⁹ "US commercial attaché threatens Jordanian businessmen with Caesar law", *JO24.net*, 5 March 2019.

⁴⁰ "Rebuilding Syria: Why Arabs and the West are on a collision course", *The Christian Science Monitor*, 29 January 2019.

Conclusion

The governments of Lebanon and Jordan can only work to position their countries as viable partners in Syria's reconstruction if they provide a logistical, legal and monetary infrastructure that will attract local, regional and international investors. Because Syria's ports and airports are closed to international trade (as well as most of its land borders) a substantial proportion of goods destined for Syria, whether for humanitarian relief or for reconstruction in future, will inevitably travel through Lebanon and Jordan. Both countries are therefore in a very good position to fill this market gap and counterbalance trade deficits aggravated by the Syrian crisis. This would require upgrades to their major seaports and the rehabilitation and regular maintenance of their main international routes.

Nevertheless, it remains in Lebanon's interest to stay away from regional rivalries and to avoid any political *faux pas* that might risk Western sanctions at a time when its economy is fragile and no real plan for reconstruction is yet in place. In Jordan's case aid packages from the EU, US and to a lesser degree Saudi Arabia are vital for the country's survival, and any decision that jeopardizes diplomatic relations with them is a step towards economic catastrophe. Thus in Beirut calls for normalisation only serve to fuel tension in a country that remains severely divided about the Syrian conflict, while Amman remains too weak to dissociate itself from Western policy and pursue what it would otherwise see as its national economic interest. However, in the meantime, Amman's allies must realise that they are tipping the country over the brink with their plans to move forward with Jared Kushner's – the senior advisor to his father-in-law, President Donald Trump – “so-called” “Peace to Prosperity” Mideast peace plan.

Meanwhile little or no progress has been achieved in the year since President Putin made his proposal for reconstruction funding in exchange for the return of refugees. Although President Assad has recently been calling on Syrian refugees

abroad to return to their country⁴¹, many who do return are being interrogated, arrested, tortured, and forced to inform on close family members⁴². Assad's invitation cannot be considered genuine when he talks of Syrian society being "more homogenous" after the war, as he did during a speech in February which clearly reveals his thinking on the whole issue of returning refugees⁴³.

Moscow's plan to procure reconstruction funds through refugee repatriation seems likely to fail, Assad being the biggest obstacle. So far, EU governments have no incentive to lift sanctions, let alone spend taxpayers' money on reconstruction projects. Also, given Europe's strained relations with Russia especially since its forcible seizure of Crimea in 2014, Europeans will dislike the idea that a large portion of that money would presumably end up in Russian pockets. Although the EU is divided over the ethics of using taxpayers' money for Syrian reconstruction, all sides agree at least in public that Russia must procure guarantees for the refugees' safety as well as extracting some promise of political reform. Meanwhile, the United States and the EU both insist on a political transition as required by United Nations Resolution 2254 as a precondition for re-engagement, and no real Western participation in reconstruction is possible as long as sanctions remain in place.

Indeed ever since the Emirati-Bahraini-Syrian rapprochement in late 2018 the United States has been putting pressure on the Gulf states to hold back from restoring ties with Syria. Reuters reported in February that Washington, Saudi Arabia and Qatar do not want Syria to be welcomed back into the international community until a political process to end the

⁴¹ "Bashar Al-Assad calls on Syrian refugees to return to their own country", *Middle East Monitor*, 19 February 2019.

⁴² L. Loveluck, "Assad urged Syrian refugees to come home. Many are being welcomed with arrest and interrogation", *The Washington Post*, 2 June 2019.

⁴³ "Syria Weekly: Will China fund post-war reconstruction?", *The New Arab*, 21 June 2019.

war has been agreed⁴⁴. Moves to return Syria to the Arab fold by re-admitting it to the League of Arab States have accordingly stalled and talks on Syria's reconstruction have lost impetus. The wealthy Gulf states may have put any such plans on hold in response to US pressure.

So far as China is concerned the main dynamic to consider is its approach to the reconstruction efforts based on Public-Private Partnerships (PPPs). China typically funds infrastructure abroad through loans, and usually requires construction to be undertaken by Chinese companies. PPPs will probably be the vehicles through which China will engage in reconstruction. Many Chinese state-owned enterprises have already laid the foundations and are ready to be joined by the private sector: this may be the main way in which we see this increasingly favoured arrangement come to the fore. Such a strategy will be an obstacle for Bashar Al-Assad since his regime is hoping that the reconstruction process and the associated influx of cash will help to legitimise it among Syrians and re-establish its control of the country.

Furthermore, investors still face serious risks, especially in terms of security but also because of the lack of transparency, an under-developed legal infrastructure, a weak judiciary and widespread fuel and power shortages. All these are risk factors for private investors, and Syrian reconstruction remains a distant prospect for the time being.

⁴⁴ G. Ghantous and M. Georgy, "U.S. pressing Gulf states to keep Syria isolated: sources", *Reuters*, 18 February 2019.

6. Syrians Abroad: The Future of Refugees and Their Return Home

Kholoud Mansour

The return of Syrian refugees has been a key topic in several forums and policy discussions over the last few years. The massive displacements of the eight-year conflict have undoubtedly put a huge strain on Syria's neighbours as they host large numbers of refugees. Discussions about their return have gained further momentum after the Russian "initiative" in July 2018 to facilitate the repatriation of 1.7 million refugees at present there and in Europe, for it has encouraged those countries to push for return without necessarily considering comprehensive plans that would ensure that the manner of that return was in keeping with human rights and the refugees' entitlements. Several policy papers and academic reports have examined the challenges and push factors involved in return, and have considered the serious risk that returning refugees might still face violations of their rights. They have, moreover, tended to agree that so-called "voluntarily, safe and dignified"¹ return is a pipedream. This chapter is intended as a stimulus to further examination of an analytical debate, and offers a range of views on the argument that conditions in Syria are still not ripe for return. The chapter also argues that policy discussions should not help to normalise particular narratives concerning return.

¹ This article does not use "voluntarily, safe and dignified" return and only uses "return".

The Syrian Regime and Russia's Refugee Policies

With the help of its main allies, the Syrian regime would seem to control more than 60% of the country's territory and nearly 75% of its population². However, Putin declared during the Tehran Summit in September 2018 that 95% of Syrian territory had been "liberated" and was under government control, and said there should be a programme for the return of Syrian refugees³. Ever since the early days of the Syrian uprising in 2011 and the conflict that followed, the Syrian government has used hostile and politically-charged language to describe its opponents and those who had left the country as "terrorists, traitors and mercenaries"⁴. In a filmed interview last September with a Swedish parliamentary delegation, the Grand Mufti of Syria, Ahmad Badreddin Hassoun, rants against the Syrian refugees in Europe, describing them as "mercenaries" and "extremists" and saying that Syrian refugees are from "extremist" areas in Syria⁵. Not only are such statements untrue, they are harmful and dangerous to Syrian refugees and can jeopardise their position in their country of asylum, putting them in real danger of forced deportation.

The political and military developments of the last two years, domestic and international, have altered the government line

² J. Daher, *Syrian Civil Society in Conflict and Post-Conflict Setting*, Working Papers, The Asfari Institute for Civil Society and Citizenship, American University of Beirut, 2019.

³ "Putin: 95% of the Syrian territory was liberated. Now we must realize our plan for the return of the refugees", *Al Manar News*, 7 September 2018, <http://www.almanar.com.lb/424678>.

⁴ For example, Syrian officials, including Mr Assad himself, Bashar al-Jaafari, the Permanent Representative of Syria to the United Nations Headquarter, Waleed Al Moallem, Deputy Prime Minister and Foreign and Expatriate Minister, and Ahmad Badereddin Hassoun, have used such hate and hostile language against Syrians in their speeches and statements.

⁵ See Syria TV, https://www.youtube.com/watch?v=lp_HasMrB58, 2018. The same Grand Mufti threatened in October 2011 to send "suicide bombers to Europe and the US in case the latter meddle in Syria".

for various reasons, and it now calls for the return of Syrian refugees. In early 2017, for example, the Minister for Foreign Affairs announced that Syria was ready for the return of refugees from neighbouring countries; later, in mid-2017, the Syrian Ambassador to Lebanon said there should be dialogue between the two states to coordinate the return of Syrian refugees⁶; and in a recent speech to local mayors from all Syrian governorates, Assad called for the return of Syrian refugees and blamed their displacement on terrorist groups and the corruption of the host countries, saying that the latter were profiting from the refugee issue⁷. In this and other speeches he continued to deny the systematic violence, destruction, and criminal activity which many Syrians give as their reasons for fleeing.

Russia announced its initiative on the return of Syrian refugees from neighbouring countries and from Europe in July 2018, presenting it as the first comprehensive international measure on the topic. Russia's initial assessment is that 1.7 million Syrian refugees could return in the near future, including 890,000 from Lebanon, 300,000 from Turkey and 200,000 from the European Union⁸; but it gave no idea what it meant by "the near future". Though the initiative (still not published in detail) attracted international attention, a position paper by the American University of Beirut Policy Institute describes it as highly ambitious and very ambiguous. Moreover the refugee numbers suggested might indicate that this return would not be open to all, but only to those selected by the regime in Damascus⁹.

⁶ S. Atallah and D. Mahdi, *Law and Politics of "Safe Zones" and Forced Return to Syria: Refugee Politics in Lebanon*, Policy Paper, LCPS The Lebanese Center for Policy Studies, Beirut, 2017.

⁷ Ministry of Foreign Affairs and Expatriates, 17 February 2019.

⁸ "Russian envoy urges Syrian refugee return", *Reuters*, 2018.

⁹ AUB Policy Institute, *Position Paper on Russia's Initiative For the Return of the Syrian Refugees to Their Country*, Beirut, Issam Fares Institute for Public Policy and International Affairs at the American University of Beirut, 2018.

Following the Russian announcement, intensive meetings took place in the neighbouring countries, and bipartite groups were established in Lebanon and in Jordan. As part of its initiative, Russia confirmed the establishment of a Refugee Reception, Distribution and Settlement Centre, and identified 76 areas inside Syria that could receive refugees. Some politicians in the neighbouring countries were naturally enthusiastic about this initiative, which heightened tensions and contributed to more hostile attitudes towards the refugees. Since Russia is one of the Syrian regime's main allies, the initiative and its timing¹⁰ cannot be considered apart from its attendant geopolitical, economic and security interests: for Russia it was a means of reinforcing its strategic position in the region, rehabilitating the Syrian regime, normalising both allies' violations of human rights, and securing the funds needed for reconstruction. When Russia, Germany, France and Turkey discussed the return of Syrian refugees at the Istanbul summit in October 2018, the latter three were clear that any such return must be linked to a fair and comprehensive political settlement in Syria, while Russia's focus was on the economy and reconstruction, arguing that the verbal undertakings of the Syrian regime provided sufficient assurance for the refugees to return.

Lebanon, because of the massive exodus of Syrian refugees there¹¹, its fragile economy and inadequate infrastructure, and its internal political discords, has been voicing its concern over Syrian refugees since 2012 and calling for their return from as early as 2014¹², while its inconsistent policies and lack of institutional capability have allowed various non-state actors to take the lead in promoting return and "safe zones", striking deals such as that between Hezbollah and Nusra over the Jroud Aarsal

¹⁰ This *initiative* was launched days after the Syrian government handed lists of detainees' names to the civil status departments in several regions of Rif Dimashq and Rif Hama claiming they died in prison, American University of Beirut.

¹¹ Lebanon is hosting the largest number of refugees per capita.

¹² K. Mansour, *UN Humanitarian Coordination in Lebanon The Consequences of Excluding Syrian Actors*, Research Paper, Chatham House, March 2017.

district in summer 2017¹³. This continued when the Secretary-General of Hezbollah, Hassan Nasrallah, claimed in June 2018 that his organisation would play a leading part in returning Syrians; one month later Hezbollah opened several centres across Lebanon for this purpose, where Syrian refugees could apply for return and be vetted by Syrian intelligence¹⁴. Thus the Russian initiative acquired particular momentum in Lebanon, raising the pressure for faster returns. Lebanese politicians intensified their anti-refugee rhetoric; the Lebanese Minister for Refugee Affairs has recently proposed a plan for the return of Syrian refugees which is to be submitted to the Lebanese cabinet “soon”¹⁵. A policy paper by Ziad El-Sayegh investigates Lebanon’s demagogic, populist sectarian investment in defining a process of return¹⁶. Jordan and Turkey have likewise encouraged such returns, though less vigorously, and strict measures to induce Syrians to return have been introduced in both.

The UNHCR’s position on the return of these refugees has been unequivocal: it has declared that present conditions in Syria are not conducive to voluntary repatriation in safety and dignity, and it recognises the significant dangers for civilians that remain across the country. The UNHCR has also warned that a premature return induced by negative push factors could have a devastating impact on refugees as well as further destabilising Syria and the region¹⁷. This has led to tension between the UNHCR and the government of Lebanon: the Lebanese Foreign Minister Gibran Bassil has ordered a freeze on the renewal of residency permits for UNHCR staff, and has

¹³ S. Atallah and D. Mahdi (2017).

¹⁴ W. Staes, “Long Road to Return. Towards a Durable Solutions Deal for Syrian Refugees in Lebanon”, 11.11.11., Brussels, 2018.

¹⁵ T. Rollins, “As anti-refugee rhetoric escalates further, Lebanon ‘slowly moving’ towards talk of forcibly returning Syrian refugees”, *Syria/direct*, 25 April 2019.

¹⁶ Z. El-Sayegh, *Lebanon and the return of the Syria displaced. Problematics & Scenarios Towards a State Approach*, Beirut, Issam Fares Institute for Public Policy and International Affairs, American University of Beirut, 2018.

¹⁷ *Comprehensive Protection And Solutions Strategy: Protection Thresholds And Parameters For Refugee Return To Syria*, UNHCR, February 2018.

threatened “further measures”¹⁸. Despite the danger, there are several factors pushing refugees to return, and Samuel Hall’s study cites five main reasons for leaving the place of refuge: lack of opportunity to make a living, lack of savings, a hostile socio-cultural environment, conflict, and racism in the host country¹⁹. Some host governments are exacerbating the situation, tightening legislation and resorting to detentions, deportations, evictions, restrictions on residence and other coercive tactics. As this chapter went to press, the armed forces in Lebanon have forced Syrian refugees to demolish their unofficial shelters. This has coincided with other increasingly restrictive measures such as raids, summary deportation of Syrian refugees who had crossed borders irregularly and crackdowns on Syrians’ unauthorised economic activity. Additionally, new regulations from the General Directorate of Security limit Syrian children’s ability to acquire legal residency based on a parent’s legal residency under a Lebanese sponsor²⁰. This not only exacerbates the situation and eliminates the Syrian refugees’ survival options, it also leaves them more exposed than ever before between the hammer and the anvil.

The Security Situation on the Ground

The apparent end of fighting in some areas – Aleppo, Daraa and the suburbs of Damascus, for example – does not mean that Syrian refugees returning to their home districts will be safe and secure. As early as September 2018 a UN OCHA (UN Office for the Coordination of Humanitarian Affairs) spokesperson

¹⁸ H. Elbadawi, *Syrian Refugees in Lebanon: Potential Forced Return?*, Atlantic Council, 6 July 2018.

¹⁹ S. Hall, *Syria's Spontaneous Returns*, 2018.

²⁰ “Lebanon: Syrian Refugee Shelters Demolished. Coercive Measures Intensify Pressures to Return to Syria”, Human Rights Watch, 5 July 2019. See also: N. Houssari, *Crackdown on thousands of Syrian refugees with illegal jobs in Lebanon*, *Arab News*, 11 July 2019; ; J. Snell, *Syrian refugees facing insoluble dilemma in Lebanon*, *The Arab Weekly*, 13 July 2019

warned that Idlib could become the worst humanitarian crisis of the conflict, as the military assault by the regime and Russia was targeting civilians and hospitals and 3 million people were trapped in the area²¹, among them a million children. UN officials, among them the UN Regional Humanitarian Coordinator for the Syria Crisis, Panos Moutmtzis, have condemned the escalation of violence in the new wave of shelling and airstrikes on civilians and civilian infrastructure in Idlib governorate²². The humanitarian and security situation has deteriorated since then, with civilian casualties (including children) and mass displacement. Despite the international concern, Russia has blocked the UN Security Council draft statement of last June condemning attacks on civilians, schools and hospitals in the Syrian province of Idlib²³. Russia's veto, and its direct and consistent involvement in military strikes, make its return initiative surreal and unethical, to say the least.

The Russian initiative for mass returns provides neither guarantees nor mechanisms for genuine planning and effective monitoring throughout the return process to ensure that there is no coercion or violation of human rights. There are important safety and security considerations that deter Syrian refugees from going back: compulsory military conscription, lack of clear information about the criteria used in the vetting process, the continuing lack of safety and stability in regime-controlled districts where thuggery and other criminality are still rife, and the problem of chemical contamination in some areas.

Conscription and compulsory military service are among the biggest deterrents for male Syrian refugees. Legislative Decree 24/2017 requires men between the ages of 18 and 42 to pay

²¹ "Syria's Idlib could be the worst humanitarian crisis of the 21st century: OCHA", UN News, 11 September 2018.

²² "Statement by Panos Moutmtzis, Regional Humanitarian Coordinator for the Syria Crisis, on Escalation of Violence in Idleb Governorate", *Reliefweb*, 25 April 2019.

²³ A. MacMillan, *Russia blocks UN condemnation of civilian deaths in Idlib*, *The National*, 4 June 2019.

heavily for exemption from military service; and while another Legislative Decree, No. 18/2018, grants a general amnesty for deserters inside and outside the country and for those offences under the Military Penalties Act committed before 9 October 2018²⁴, there have been many confirmed cases of men being conscripted upon return, even in areas where reconciliation agreements are supposed to apply²⁵.

The vetting process and the sharing of refugees' details make it impossible, in the absence of clear information or eligibility criteria, for refugees to make informed decisions. In their report "Unpacking Return", Mhaisen and Hodges confirm that refugees in Lebanon who register to go back to Syria are told in many cases that their case is "currently pending", meaning they do not even know when a decision will be taken, or how²⁶. Forced premature return of refugees and lack of accountability will result in further arbitrary arrests and greater coercion by the regime. In Lebanon for example, the General Directorate of Security is organising returns in a way that excludes some refugees with no explanation or justification: the eligibility criteria have not been made public. The role of the General Directorate of Security is to collect names and pass them to the Syrian authorities who will then, at their sole discretion, send back a list of those who can be re-admitted²⁷. Ever since the Syrian uprising began, there have been many documented reports of forced disappearance, arbitrary arrest and torture at the hands of the Syrian regime²⁸. A recent report by Human Rights Watch

²⁴ SANA, *Presidential decree granting general amnesty for military deserters inside and outside country*, 9 October 2018.

²⁵ See H. Al-Jablawi, *Forced Conscription Continues Despite Amnesty by Syrian Government*, Atlantic Council, 13 February 2019; "Syrians protest in Daraa over military conscription", *Middle East Monitor*, 31 January 2019.

²⁶ R. Mhaisen and E. Hodges, *Unpacking Return: Syrian Refugees' Conditions and Concerns*, SAWA for Development and Aid, February 2019.

²⁷ *Ibid.*

²⁸ See *Between Prison and the Grave Enforced Disappearance in Syria*, London, Amnesty International, 2015; *It Breaks the Human: Torture, Disease and Death in Syria's Prisons*, London, Amnesty International, 2016; *If the Dead Could Speak Mass Deaths and*

confirms that the intelligence services are arbitrarily detaining, disappearing and harassing people in areas retaken by the Syrian regime or covered by reconciliation agreements²⁹.

Writing in *Foreign Policy*, Anchal Vohra makes the case that the persecution which originally forced Syrians to flee has not ended, and that some of those who have returned have disappeared into the country's notorious prisons, a stark reminder of the dangers faced by the country's former refugees³⁰. Moreover, the Public Relations and Policy Committee of the Al-Rukban refugee camp reports in a recent statement that in Homs the Syrian regime is turning temporary refugee shelters into detention centres similar to Abu Ghraib³¹. Friends and family fearing further persecution of those who have returned are unable to check on their safety, and this worsens the vulnerability of many Syrian refugees thus kept in limbo.

The continuing lack of safety and stability in the regime-controlled areas still infested by thuggery and criminality of various kinds have a negative impact on the return of Syrian refugees and jeopardise their security. Looting, revenge incidents and bribery demands from those who have exploited the fighting have become significantly worse in the heightened vulnerability consequent on the absence of international guarantees, rule of law, and measures to ensure accountability, justice and security. Such incidents are not only more common; they have become a source of income relied on by many militias associated with the regime. Kheder Khaddour has examined the high probability of revenge attacks and the potential for massacres, given for instance the personal grievances harboured by many fighters³². A report by

Torture in Syria's Detention Facilities, Human Rights Watch, 2015.

²⁹ *Syria: Detention, Harassment in Retaken Areas. Media, Aid Workers, Activists, and Families Targeted*, Human Rights Watch, 2019.

³⁰ Vohra, A. "A Deadly Welcome Awaits Syria's Returning Refugees", *Foreign Policy*, 6 February 2019.

³¹ "Al-Rukban camp officials: Syria regime turning refugee shelters into detention centres", *Middle East Monitor*, 17 April 2019.

³² K. Khaddour, *Back to What Future? What Remains for Syria's Displaced People*, Beirut, Carnegie Middle East Center, 2018.

the Synaps Network gives recent examples of the systematic looting that occurred when pro-Assad forces re-entered Yarmouk, a sprawling Palestinian camp south of Damascus, in April 2018³³. The properties of displaced Syrians have been ransacked and their possessions stolen, which only makes their return a greater challenge as many refugees feel that all the destruction, death and looting have left them nothing to go back to.

Bribing officials to obtain documentation and other services had been a normal practice in Syria even before the war; it has developed further, and now provides an essential source of income for corrupt officials. People have to pay big sums, for example, to get information about family members who have disappeared or been detained, to find out whether their names are on the Syrian authorities' list, or to get security clearance to rent a flat in regime-controlled areas. The Synaps Network report describes this as a "cannibalistic economy" involving everyone who has come to rely on extortion for a livelihood, including those officials and civil servants who have positioned themselves as "brokers" in the market. The report further describes the drastic situation of many Syrians in areas outside government control, who often pay exorbitant sums to fixers inside and outside Syria to avoid falling into legal limbo³⁴.

Finally, one factor that directly impacts the return of Syrian refugees is the lack of landmine clearance in areas that had seen intense fighting. A joint report by the NRC (Norwegian Refugee Council) and other international organisations confirms that in every year since the beginning of the conflict the Syrian regime has refused to include mine clearance in the humanitarian response plan, and this work has yet to begin in earnest³⁵. In her NRC report on Housing, Land and Property in the Syrian Arab Republic, Laura Cunial estimates that 5.1 million people are living in highly contaminated areas and says

³³ Synaps, *Picking up the Pieces: How Syrian society has changed*, Synaps Network, 2018.

³⁴ Ibid.

³⁵ *Dangerous Ground. Syria's refugees face an uncertain future*, NRC, Save the Children, Action Against Hunger, Care, DRC, International Rescue Committee, 2018.

“the presence of landmines, explosive remnants of war, improvised explosive devices, artisanal mines, and cluster munitions in Syria presents a significant risk to civilians trying to access their property and land”³⁶. Calls for the return of Syrian refugees under such conditions and without the necessary measures to ensure their safety would deter Syrians from returning home in view of the great risks.

The Current Legislation on Property and Restitution in Syria

Under Syrian law the country’s territory is divided into two broad categories – state land (62%) and private land (38%). Initial figures suggest that only 20% of state land was registered before the crisis³⁷. Pre-war government estimates say that only about 50% of all land in Syria was officially registered, while in another 40% the boundaries had been marked but not yet registered. Other estimates confirm that 30% to 40% of people in Syria lived in informal housing; some reports put the figure as high as 50%³⁸. This complication makes return harder, since Syrian refugees regard it as fundamental that they return to their own homes and districts of origin: those interviewed for various studies have said they are only interested in returning to their home districts, not in being relocated to other parts of Syria³⁹. However, this would require collecting census data on the original towns and cities where Syrians resided before the conflict – not a straightforward process, because of the manner of land division and the registry situation.

³⁶ L. Cunial, *Housing Land and Property (HLP) in The Syrian Arab Republic*, NRC Norwegian Refugee Council, 2016.

³⁷ Ibid.

³⁸ J. Daher (2019).

³⁹ See W. Staes (2018); R. El Gantri and K. El Mufti, *Not Without Dignity. Views of Syrian Refugees in Lebanon on Displacement, Conditions of Return, and Coexistence*, ICTJ International Center for Transitional Justice, 2017.

The Syrian authorities have enacted various laws since 2012 confiscating property from Syrian citizens. Decree 66 in 2012 authorised the bulldozing of some areas in the capital once the government had retaken them from rebels and identified them as zones for development. This was based on Decree 63 of the same year, which empowered the Finance Ministry to seize the assets of people who fell foul of the 2012 Counterterrorism Act⁴⁰. In April 2018 the Syrian government passed Law No. 10 which allows for the creation of redevelopment zones across Syria that will be designated for reconstruction⁴¹. This Law No. 10 has been criticised regionally and globally as one of the main impediments to the refugees' return and a coercive measure amounting to confiscation of property. The Law has also been compared to Israel's 1950 Absentees' Property Law⁴². Even before the conflict the regime had been systematically targeting a segment of Syrian society living in unofficial housing, and this process has become intertwined with the debate on Syrian reconstruction plans.

According to the UN's Pinheiro Principles, refugees and internally displaced persons must be protected from discriminatory laws on housing, land tenure and restitution, and if a refugee or displaced person is unlawfully or arbitrarily denied their property they are entitled to submit a claim for restitution to an independent and impartial body⁴³. Those principles must be enforced and an impartial body established to receive such claims before refugees can be asked to return. Further principles concern other extra-judicial measures depriving people of their property, such as the deliberate or incidental destruction of buildings and possible "secondary occupation" by others

⁴⁰ S. Haugbolle, "[Law No. 10: Property, Lawfare, and New Social Order in Syria](#)", Syria Untold, 26 July 2018.

⁴¹ *Q&A: Syria's New Property Law*, Human Right Watch, 29 May 2018.

⁴² W. Staes (2018).

⁴³ "[Syria: Residents Blocked From Returning](#)", Human Rights Watch, 16 October 2018.

during the owner's absence and without his consent⁴⁴. Human Rights Watch analysed satellite imagery of one Damascus suburb and established that, even after the end of fighting there, widespread demolition has been carried out by the regime using heavy earth-moving machinery such as bulldozers and excavators as well as uncontrolled use of high explosives⁴⁵. In many cases Syrian refugees have no credible information about their properties, and they usually lack the documentation required to register their property or prove ownership.

The Disruption of Syria's Social Capital

Damage to social capital is one of the worst effects of a protracted conflict. It is estimated that reconstruction in Syria will cost more than \$300bn; but such estimates do not include the cost of rebuilding the country's social capital. More than 50% of Syrians have been displaced, many of them more than once, within the country and/or abroad. Maintaining social capital is an essential part of refugee well-being: refugees need contact with fellow refugees to survive in host countries, to create their safety nets and maintain emotional support⁴⁶; but the disruption of social networks and ties during protracted conflict and displacement make it harder for Syrians to return, especially when members of the same family have been dispersed to different parts of the world. Violence has also broken up larger social structures, dissolved associations and deprived individuals of what had previously been their social anchors⁴⁷. This fragmentation informs and further complicates their decisions about returning. As one study explains, when family ties have

⁴⁴ J. Daher (2019).

⁴⁵ Syria: Residents Blocked From Returning... , cit.

⁴⁶ *Syrian Refugees in Lebanon Eight Years On: What Works and Why That Matters for the Future*, Beirut, CARE International in Lebanon, 2018.

⁴⁷ K. Khaddour (2018).

been destroyed the decision to move is even more difficult⁴⁸. There remains a stark division between those who remained in the country and those who have left, one rarely addressed in discussion of the return of the Syrian refugees: one study which interviewed refugees in neighbouring countries found a widespread fear of difficulty in regaining acceptance in their communities, or of intense resentment towards those who fled abroad as guilty of a betrayal⁴⁹. Long-term and realistic measures will be needed to address the loss of social capital and the many divisions among Syrians.

The Question of Safe, Voluntarily and Dignified Returns and Their Current Infeasibility

Calls for the return of refugees often blur their characteristics, needs, priorities and areas of origin, treating them as one undifferentiated mass that can easily be moved from a camp outside Syria to one inside; but what has happened in Syria over eight years of conflict goes beyond physical destruction, loss and displacement. Return should be always seen in terms of human rights, accountability and justice. Displaced and exiled Syrians have a deep-rooted sense of being trapped⁵⁰, a product of their yearning to go home, the practical impossibility of such a return, and the difficulty of rebuilding a meaningful life in the host country unprotected by the law, under social and economic restrictions and in an increasingly unwelcoming environment. The study “Unheard Voices” by the Carnegie Endowment Institute of Beirut found that Syrian refugees view return and a worthwhile life in the host country as equally

⁴⁸ S. Semnani, *Returnees in Syria. Sustainable reintegration and durable solutions, or a return to displacement?*, Norwegian Refugee Council and Internal Displacement Monitoring Centre (NRV/IDMC), 2017.

⁴⁹ R. El Gantri and K. El Mufti (2017).

⁵⁰ M. Yahya, J. Kassir, and K. el-Hariri, *UNHEARD VOICES. What Syrian Refugees Need to Return Home*, Beirut, Carnegie Middle East Center, 2018.

impossible⁵¹. Even if their return is supposedly a “dignified” one, the dignity of these displaced Syrians is not addressed in any concrete manner. An article for *Forced Migration Review* in February 2018 raised three questions on this issue of displaced Syrians’ dignity: what does “dignity” mean to the Syrian refugees themselves, why it is important to them, and what can humanitarian organisations do – or refrain from doing – to help them maintain and protect their dignity⁵²? Similar considerations must extend to addressing and understanding what a “dignified return” means in practical terms for Syrian refugees, both during and after their return.

If the question of return is to be fully understood, the same attention must be paid to the concerns, perceptions and priorities of internally displaced persons (IDPs) and Syrian refugees in Europe. Debates on return must also accommodate the new dynamics among Syrians inside Syria, and the rhetoric being used there. For example, some pro-regime groups and individuals in regime-controlled areas dispute whether they should be encouraging refugees to return: they argue that the country’s resources are already scarce enough; people find it extremely difficult to meet their basic needs, and feel they deserve whatever access they have to those resources without competing with newcomers – especially since they are the ones who remained in Syria. Some of them regurgitate the regime’s rhetoric, accusing those who left the country of being traitors, terrorists or simply cowards. Nasser and Jallad Charpentier report serious concerns and fears among Syrian refugees in Jordan at the prospect of returning and living alongside others who differ from them along sectarian and political lines⁵³. Perceptions of return among Syrians inside and outside the country need to be addressed

⁵¹ Ibid.

⁵² K. Mansour, “Protecting the dignity of displaced Syrians”, *Forced Migration Review*, vol. 57, no. 5-6, February 2018.

⁵³ C. Nasser and Z. Jallad Charpentier, *An Uncertain Homecoming Views of Syrian Refugees in Jordan on Return, Justice, and Coexistence*, ICTJ The International Center for Transitional Justice, 2019.

in a comprehensive and candid manner. Given the protracted conflict, the massive death and destruction, and the political polarisation and tensions, the issue of return needs to be seen as too complex to be dealt with by wishful thinking or simple initiatives.

Despite regional and international pressure for what is touted as a “safe, voluntarily and dignified” return, many observers confirm that calls for the return of Syrian refugees are premature; the issue is far from straightforward. The UN High Commissioner for Refugees, Filippo Grandi, has been very clear on this issue, declaring “It is very premature to talk about returning refugees to Syria, because the situation there remains insecure and dangerous”⁵⁴. The position of the UNHCR is that present conditions in Syria are not conducive to voluntary repatriation in safety and dignity. The UN has developed four main criteria and 22 defined levels of protection for any potential large-scale facilitation of voluntary repatriation⁵⁵; and the ICRC (International Committee of the Red Cross), for its part, reports that the security situation in many parts of the country is highly volatile: violent conflict continues in many places, and many areas of the country are contaminated by munitions⁵⁶. The World Bank recently issued a detailed economic and social analysis of Syrians’ mobility, and warned that to maximise the number of refugees returning at any cost would be a poor policy target⁵⁷. Other studies concluded “[to suggest that] the conditions for repatriation are ripe is a clear distortion of the reality in Syria”⁵⁸; and others have warned of dis-

⁵⁴ “Syria still too insecure for refugee returns: U.N. refugee chief”, *Reuters*, 9 March 2018.

⁵⁵ UNHCR (2018).

⁵⁶ International Committee of the Red Cross, *The ICRC's position regarding the issue of returns to Syria*, 2018.

⁵⁷ *The Mobility of Displaced Syrians. An Economic and Social Analysis*, Washington DC, World Bank, 2019.

⁵⁸ L. Vignal, “Perspectives on the return of Syrian refugees”, *Syrians in displacement, Forced Migration Review*, vol. 57, February 2018, pp. 69-71.

astrous repercussions in the event of a premature return that would not only risk undermining the Syrian refugees' physical safety, material well-being or legal security but also lead to future waves of displacement and further destabilisation of the country⁵⁹. It is crucial to adhere to international principles of protection when dealing with the issue of return, and to ensure that conditions and measures are in place to ensure a truly safe and dignified repatriation without forcing or pressuring refugees to go back.

In its analysis and recommendations Amnesty International has stated that no part of Syria is safe; hostilities continue in several parts of the country. It has also documented the forcible repatriation – disguised as “voluntary” – of thousands of Syrian refugees from Jordan and Turkey in 2017⁶⁰. Other organisations have echoed the position of the Lebanon Humanitarian International Non-governmental Organisations (INGO) Forum that there should be no facilitation or promotion of refugees' return at present, whether by governments, the UN or non-state actors, since in the present situation there is no one in Syria – no national authority or mandated international agency – who can guarantee that such returns will be voluntary, safe and dignified⁶¹. If this is to be assured then calls for mass return of refugees should not be actioned without a transfer of power or a political settlement that ensures accountability and justice for Syrians both inside and outside the country. Safety and security are necessary (though insufficient) conditions for return, and they can only be guaranteed “through a political process that creates inclusive mechanisms of government, that puts an end to criminal impunity, and that facilitates reintegration,

⁵⁹ W. Staes (2018).

⁶⁰ *Analysis and recommendations to States gathering at the 24-25 April Brussels Conference on Supporting the Future of Syria and the Region*, Amnesty International, April 2018.

⁶¹ *Syria Refugee Returns: A CAFOD and SCIAF Policy Position*, Catholic Agency For Overseas Development (CAFOD), Scottish Catholic International Aid Fund (SCIAF), October 2018.

demilitarisation and access to justice”⁶². Other institutions have confirmed that calls for so-called “voluntary, safe and imminent return” seem unrealistic before a comprehensive political settlement has been reached in Syria⁶³. The EU and the UN remain consistent and determined; they link the return of Syrian refugees with a political settlement in the country.

Although 2018 saw various developments within the country 85% of Syrian refugees do not intend to return home in the next twelve months, mainly because of security concerns, and the figure has stayed unchanged in surveys conducted by the UNHCR over the past eighteen months, even though the ending of military operations in some parts of Syria may well have affected some refugees’ perceptions of security in their home districts⁶⁴. According to the study “Unheard Voices” most of the refugees interviewed in Lebanon and Jordan confirmed that they do not believe in what is called “safe and voluntary return” without a political transition in Syria⁶⁵. Other studies show that Syrian refugees cannot return as long as Assad remains in power⁶⁶.

The return of some Syrian refugees has been exploited politically, serving to normalise the Syrian regime. There is no doubt that the refugees themselves will face structural security, political and socio-economic impediments during and after their return; but ultimately it will be individuals’ perceptions of the cost and risk they face within those structural constraints that will determine whether they want to return to Syria⁶⁷. Sending refugees home prematurely will worsen the situation in Syria and put

⁶² M. Yahya, J. Kassir, and K. el-Hariri (2018).

⁶³ *Position Paper on Russia's Initiative For the Return of the Syrian Refugees to Their Country...*, cit.

⁶⁴ *Fourth Regional Survey on Syrian Refugees' Perceptions and Intentions on Return to Syria (RPIS)*, Amman, UNHCR, July 2018.

⁶⁵ M. Yahya, J. Kassir, and K. el-Hariri (2018).

⁶⁶ *Return, Stay, or Migrate? Understanding the Aspirations of Syrian Refugees in Turkey*, SEEFAR, 2018.

⁶⁷ S. Batrawi and A. Uzelac, *Four ways in which the Syrian regime controls refugee return*, Clingendael, Netherlands Institute of International Relations, September 2018.

further pressure on limited resources and services. Those who return could become internally displaced once more: if violent conflict breaks out, the process of displacement would start all over again⁶⁸. The security situation in Syria is still volatile, and conditions are not ripe for their return. Policy discussions over the return and future of the Syrian refugees must not help to rehabilitate the regime or normalise its narratives on return. Syrian refugees cannot go back to Syria without a political settlement or a transition: the Assad regime might have won militarily, but such a military victory may itself be the reason why many Syrian refugees cannot return to their country.

⁶⁸ J. Marks, *Pushing Syrian Refugees to Return*, Sada Middle East Analysis, Carnegie Endowment for International Peace, 1 March 2018.

Policy Recommendations for the EU

Until now, Europe has played a marginal role in the Syrian conflict. In 2011, when the first peaceful demonstrations were violently repressed by the Assad regime, all EU member states with the exception of the Czech Republic closed their embassies in Damascus in protest at the Syrian government's violent handling of the crisis. The EU imposed sanctions on the Syrian regime, forbidding European public or private entities to have any significant relationship with Syrian counterparties. Sanctions have hit companies wanting to do business in the country and individuals known to have a role in the regime's machinery of repression. When the uprising gradually turned into a civil conflict, EU countries continued to impose sanctions and give political support to the various incarnations of the opposition abroad such as the Syrian National Council and the Coalition for Opposition and Revolutionary Forces, while carefully avoiding any significant involvement in the fighting on the ground, for example by sponsoring local armed militias. Even when the Islamic State in Iraq and Syria (ISIS) emerged as a new terrorist actor in the area Europe kept its minor role, making only a limited contribution to the US-led international coalition against ISIS.

That strategy resulted in the European countries' limited capacity to influence the evolution of the crisis. Other regional and international actors rapidly gained greater prominence through their involvement on the ground, such as Turkey, Saudi Arabia, and the US on the opposition side and Iran and Russia on that

of the Assad regime. Europe's role did not change meaningfully even when the Syrian war started to have a direct impact on European countries' own domestic affairs. In 2015 a massive influx of Syrian refugees began to enter the EU, creating political and security issues for several EU member states such as Germany, Italy and France, and boosting the election results of xenophobic political groups.

Over the last two years Europe's inability to gain a bigger say in a conflict that has had significant political and security repercussions on the Union's internal affairs has opened a debate on how the EU can play a more meaningful role in future, especially regarding the reconstruction process. Some have argued that EU countries could use reconstruction funds as a "carrot" to obtain political concessions from Assad. Russian representatives have repeatedly said that EU member states should contribute to the reconstruction in order to ensure that most refugees in Europe return to their country. Moreover, European sanctions have come under particular scrutiny due to the alleged damage that they inflict on the civilian population, ranging from restricting the work of humanitarian organisations inside Syria to making it impossible to rebuild basic infrastructure needed to reduce civilian suffering.

During the last year external pressures and changes in the domestic political equilibrium of several member states have caused a few cracks in the EU position on Syria. In particular, certain European governments dominated by populist or right-wing parties have begun to act in ways that show some openness towards the Syrian regime, if not outright support for it. For instance, a Polish government representative visited Damascus in August 2018, and in January 2019 the Italian Foreign Minister said Italy was considering reopening its embassy in Syria, though no concrete steps have been taken so far. Moreover, the Czech Republic never broke off diplomatic relations with the Assad regime, and has never hidden its sympathy for the Syrian government.

It is important to stress, however, that even if more political overtures towards Assad are possible in future, under present conditions EU governments remain unlikely to make a meaningful contribution to Syrian reconstruction. Even if EU and US sanctions were to be lifted, European governments, including those most sympathetic towards the Assad regime, will hardly get political backing for a significant financial contribution to Syria's reconstruction without being sure of something tangible in return. For, as this Report explains in detail, to contribute meaningfully to so huge an undertaking as rebuilding Syria would mean raising tens – if not hundreds – of billions of dollars within a relatively short time.

In such a grim situation, how can Europe play some positive role in Syria's future? Any realistic answer to this question entails a review of Europe's goals and the tools at its disposal. Much of the debate about the EU's future role in Syria has focused on two extreme scenarios: in one, Europe is utterly marginalised and depends on more influential powers such as the US and Russia, while in the other Europe uses its reconstruction funds to become Syria's next king-maker. The latter is not realistic, but the former can be avoided by intelligent application of the EU's economic and political tools, namely sanctions, reconstruction funds, and political recognition. These could prove effective instruments of leverage if applied to realistic ends. Europe should accordingly proceed along three main lines:

- **Recognising that the goals pursued so far, however ethically justifiable, are beyond Europe's reach.** Until now, the official EU position has remained one of non-engagement with the Bashar Al-Assad regime unless and until there is – to quote UN Resolution 2254 on which the EU's position is based – an “inclusive and Syrian-led political process that meets the legitimate aspirations of the Syrian people”. That makes the lifting of EU sanctions conditional on the beginning of a meaningful political transition, including Assad's removal from power. However, given the past and present

evolution of the conflict, such a stance might well deny the EU authorities any prospect of leverage. Over the past few years the regime has rejected all the West's political conditions, even during the most dramatic periods of the war when its very survival seemed at stake. On several occasions, moreover, the Syrian authorities, including President Assad himself, have expressed their aversion to any contribution for reconstruction coming from Western countries. Damascus has demonstrated a radically different attitude to the reconstruction process from that usually assumed by external powers. In order to avoid any significant political concession, especially to Western powers, the regime seems keen to favour a smaller, cheaper reconstruction benefiting only a portion of the population: a scenario that would give European countries no political leverage at all. Nevertheless, even the smaller reconstruction that the regime seems to envisage would hardly be possible without significant external support. The EU could still extract concessions from the regime by attaching less ambitious – yet still relevant – conditions to the removal of sanctions and the provision of funds. Such targets should be pinpointed according to the EU countries' most important interests in the Syrian context, namely the return of refugees and the prevention of further radicalisation and terrorism.

- **Using sanctions and reconstruction funds to attain realistic, yet significant goals modelled according to Europe's interests.** Despite their failure to achieve the results they were initially designed for, EU sanctions have proved to be effective in undermining the participation of most external funders of reconstruction, including those governments most supportive of the Syrian regime. Furthermore, EU sanctions have proved effective in damaging the economic interests of important individuals within Assad's inner circle who have

influence on the regime's decision-making. Europe remains one of the few actors on the global scene which has both a significant stake in the stabilisation of Syria and substantial economic resources to contribute to its reconstruction. Crucially, unlike other potential donors such as the Gulf monarchies the EU could contribute not only funding but also the know-how that European institutions have developed in fields such as long-term economic assistance and socioeconomic development. Such capabilities are crucial to the success of a massive endeavour like Syria's reconstruction, especially given the poor state of its institutions and its government's lack of adequate expertise. Thus the EU's lifting of sanctions and its reconstruction assistance combined represent a substantial "carrot" that could be used to achieve some important aims. Those aims should be specified according to the EU member states' main long-term interests such as the safe return of refugees and the stabilisation of the country. As this Report shows, the return of refugees depends even more on guarantees concerning their safety than on the availability of economic opportunities in Syria. Neither the Syrian government nor its allies have so far been willing or able to provide such guarantees. Moreover, to stabilise the country and prevent it becoming a hotbed of further radicalisation will entail adequate socioeconomic assistance to those areas and those social groups whose neglect was the main cause of the uprising eight years ago. According to this analysis, therefore, the EU should make its assistance conditional on key targets such as:

- the return of refugees under internationally monitored guarantees regarding, in particular, their physical safety and that of their property;
- international monitoring of Syria's prison system;
- partial decentralisation of the reconstruction funds' administration, to prevent the reconstruction

process favouring only social groups loyal to Assad and make sure it also benefits the regions where the revolt took place, most of which had been among the poorest and most neglected even before the conflict.

- **Reconciling the different political views on Syria among European countries so as to arrive at a united EU position.** In addition to sanctions and reconstruction funds, political recognition is a third powerful tool in the hands of EU countries. The Assad regime has been isolated by both the West and the Arab League, and regaining recognition from these two powerful blocs would significantly improve its legitimacy both at home and abroad. For this reason symbolic and limited political overtures to the regime could provide a powerful way of extracting concessions from Damascus, but would of course be jeopardised by unilateral initiatives which contradicted or undermined the official EU stance. So far, countries with a divergent political position more sympathetic to the Syrian regime have preferred to pursue a rather ambiguous policy: on the one hand, they have conducted symbolic initiatives to display their sympathy for the Assad regime while on the other continuing to ratify the renewal of sanctions and the EU's official position which calls for a political transition. Instead of such ambiguities there should now be a serious debate among EU member states with a view to agreeing a compromise among their various positions and the use of political recognition as an instrument to extract concessions from Damascus in line with interests common to all EU members. An agreed position should be reached, establishing under what conditions the EU authorities and member states would re-establish more or less limited political relations with Damascus.

To sum up, the EU still holds some decisive cards and can expect to make its voice heard and to pursue its member states' interests together with those of many Syrian citizens. To do so, however, European countries should understand the real extent of their leverage: Europe will not be a king-maker in Syria, though it has still the means of playing a strong and positive role.

The Authors

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