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SQUARING THE CIRCLE: RUSSIAN AND EUROPEAN VIEWS ON SYRIAN RECONSTRUCTION

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Editor-in-Chief:

I.S. Ivanov, RAS Corresponding Member, Dr. of History

Authors:

A.V. Kortunov, Ph.D. in History; **J. Hiltermann**; **R.Sh. Mamedov**; **T.A. Shmeleva**

Copy Editors:

T.A. Makhmutov, Ph.D. in Political Science; **R.Sh. Mamedov**

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This report addresses the divergent and convergent positions of Russia and the EU regarding the reconstruction of Syria. The aim of the publication is to identify areas of common ground between the two sides in an effort to propose possible actions that could benefit Syria and its people.

The views and opinions of authors expressed herein do not necessarily state or reflect those of RIAC.

The full text is published on RIAC's website. You can download the report or leave a comment via this direct link – russiancouncil.ru/en/report48

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Forward

Dr Andrey Kortunov and Dr Joost Hiltermann

The publication of these two papers by the Russian International Affairs Council derives from a discussion last autumn between the co-authors of this foreword, RIAC's Director-General Dr Andrey Kortunov, and the International Crisis Group's Middle East and North Africa Program Director Dr Joost Hiltermann. We agreed that the Syrian war had reached a turning point, and that time had come therefore to take a serious look at the question of post-war reconstruction. We realized, of course, that Russia and Western countries (the European Union, EU member states, and the United States) are taking quite divergent positions on reconstruction funding. And so we thought it would be useful to compare and contrast these positions with the overall aim to identify areas of common ground and proposing possible actions that would most benefit the Syrian people, the war's primary victims. This publication is the result. It may not fully achieve our objective to bridge differences between the two narratives, but we hope that our ideas (presented in the case of Russia by RIAC researchers Ruslan Mamedov and Tatyana Shmeleva) will provide fertile ground for further debate and help point to a constructive way forward.

Post-conflict reconstruction remains a critically important component in all the plans aimed at turning Syria into a stable, safe and peaceful place. There can be no stability, not to mention prosperity, in the country unless and until this goal is met. Nobody in Russia or in the West would question the apparent interconnection between development and security in Syria as well as in the MENA region at large. However, the devil is always in the details. What exactly does the term 'reconstruction' mean in the case of Syria? To what extent can one pursue serious economic and social objectives in Syria without touching upon the fundamentals of the current political regime in Damascus? Who is going to fund Syrian reconstruction and who is going to manage it? What key indicators should one use to assess the success or failure of reconstruction efforts?

There is a broad consensus that Syria is in desperate need of social and economic reforms; the country also needs an effective government that could at least provide basic services to the population. Reform attempts that Damascus is undertaking now are neither efficient nor sufficient. Without visible changes in the social and economic situation, people will continue to leave Syria even if the military conflict is ended or suppressed.

No meaningful rebuilding of Syria can begin if the existing political system, the BAATH party, the intelligence services, and the army remain unchanged and unreformed, and political competition is not permitted. Therefore, political and ad-

ministrative change are indispensable preconditions for any meaningful social and economic transformation of the country, including post-war reconstruction.

The conflict in Syria is not yet over. Continuous military clashes and the existing threat of a sudden escalation create major obstacles on the path to reconstruction efforts; they also breed groups and institutions in Syria that are interested in maintaining the status quo rather than engaging in reconstruction efforts. Another outburst of military activities (in Idlib, in the North-East or elsewhere) would further delay any practical discussions on post-conflict reconstruction.

Any reconstruction program should involve concerted efforts to allow Syrian refugees to return home. These refugees should be regarded not as a problem to be solved, but also as an important resource needed in Syria for a successful transformation of the country. Russia wants refugees to return to Syria more than does the government of Bashar Al-Assad itself, which does not see the pros of welcoming them back.

Both Moscow and Western capitals agree that Syria needs major injections of funds from foreign investors and large-scale external help to rebuild itself. External assistance cannot substitute for local commitment, energy and will, but it might become a powerful catalyst to unleash and sustain domestic sources of growth and development.

The authors agree that the Istanbul process could be an effective mechanism for Europe and Russia to jointly explore common ground on reconstruction-related matters. The challenge is to complement political discussions at the top level with specific joint pilot initiatives and demonstration reconstruction projects in Syria, if both sides can agree. To this end, Russia and the West should consider supporting a robust Track-II expert dialogue to generate fresh ideas and feed these into the official Istanbul process.

Beyond these converging views on post-conflict reconstruction in Syria, there also are significant disagreements between Western states and Russia about how to proceed with reconstruction. Let us summarize some of the most important of these disagreements.

First. Western states appear to believe that without active European participation and funding, Russia will not be able to rebuild much in Syria because it cannot provide the capital and technologies desperately needed for Syrian projects. Russia doubts that the European Union is willing to allocate significant funding for Syria, given multiple competing needs and priorities in Europe. Moreover, though European funding is highly desirable, Europe is not the only potential funding source for reconstruction. Moscow considers the best Syrian rebuilding scenario to be the one where the most capable players in the Middle East itself, such as the UAE, Turkey, Iran and Saudi Arabia, are involved in the post-war reconstruction process. Other potential donors might include China and also Russia itself, which is already economically quite visible in Syria. This divergence of views might reflect different understandings of what reconstruction really

means and what price tag is attached to it – something that deserves further discussion and clarification.

Second. Western states also believe that without significant changes in the current political regime, Syria will remain an unstable country and the war will never end, because the government itself is the original and primary cause of the conflict. This means that the impact of any reconstruction efforts will be limited, as long as there is no substantive change in how Syria is governed. This is why Europeans have little appetite for negotiating reconstruction programs with Damascus that would help consolidate the rule of Bashar Al-Assad. The only thing that might make the regime behave better toward its own population would be Russian involvement in a political transition and reconciliation. However, the degree of Russian leverage with Damascus is not clear for many Europeans. By contrast, Russia thinks that Europe should reconsider its approach towards the Syrian government and reach out to Damascus directly if it wants to see political change in Syria. The basis of the Russian narrative is the principle of non-interference in others nations' internal affairs. The apparent assumption on the Russian side is that by involving Damascus in a more substantive way, the international community might gain more influence over Syria's political evolution, which appears inevitable. A possible topic for discussions between European and Russian experts might be opportunities for and limitations of the political evolution of the current regime in Damascus, the role of Bashar Al-Assad vs the role of political elites, etc.

Third. In Europe, many believe that refugees will not return to Syria in the near future, and Europe itself cannot and will not force them to leave. European states do not believe that the Syrian government can provide basic human rights and protections to its citizens – refugees included – from itself or from the actions and repressions of an ongoing war. On the contrary, Europe might suffer from an even more massive influx of refugees in the future. This pessimism creates powerful disincentives on the European side for getting more deeply involved in Syria as a way to resolve the migration challenges at home. On the Russian side, the overall perception of the refugee situation is more optimistic. Russia holds that the return of refugees is possible and that this would speed up the reconstruction process in Syria. Russia also believes that the Syrian diaspora could and should be involved in the reconstruction process. Furthermore, Moscow believes that together with its partners it can offer guarantees that returnees will not be prosecuted or jailed by the Al-Assad regime. The difference between the European and Russian visions calls for a more focused discussion on what is needed on the ground to protect returning refugees from potential abuse and prosecution; the existing positive and negative experiences in the South-West and in other parts of Syria might provide valuable empirical data for such a discussion.

Fourth. Europe appears to have faith in the power of economic sanctions to change the Damascus regime's behavior – that more pressure on Bashar Al-Assad might result in concessions from his side on matters important to Europe (refugees, human rights, use of chemical weapons, and so on). On the other hand, due to sanctions, European businesses cannot engage with the Syrian government or

Syrian businesses, and this is depriving Europe of potential leverage. Russia advocates the lifting of sanctions on Syria because, in its view, it is the ordinary people, not the Syrian ruling elite, who are carrying the burden of Western sanctions. Moreover, as seen from Moscow, sanctions de-facto help consolidate domestic support for Bashar Al-Assad – at least at the level of the Syrian business community. Moscow also believes that Al-Assad will not cooperate with Europe until at least some sanctions are lifted. Russians and Europeans have to engage in a more specific discussion about the impact of international sanctions on various sectors of the Syrian economy, the political dynamics in Damascus, and what the notion of “smart sanctions” might mean in the case of Syria.

Fifth. Europe does not want to extend international recognition or legitimation to the Al-Assad regime. For many in Europe, Syria remains a repressive state (or a repressive semi-failed state) and will remain in this position until a truly legitimate leadership comes to power in Damascus. Europe prefers the continued diplomatic isolation of Bashar Al-Assad, as it would contribute to the stability in the region in the long term. Russia disagrees with this assessment of the need for Al-Assad’s continued diplomatic isolation. Russia is also more upbeat about the international standing of Damascus, arguing that Syria could rejoin the League of Arab States and might gradually regain international recognition on a broader scale. For Russians, the key aspect of the international recognition of the Syrian regime is its ability to cooperate in a constructive way with its neighbors, especially those directly involved in the Astana and Istanbul processes – Turkey and Iran. The resumption of relations between Syria and major Gulf states will, in the Russian view, be enough to claim that the diplomatic blockade of Damascus has failed. This difference in European and Russian positions calls for a broader conversation between the two sides about the likely and desirable security arrangements for the MENA region at large.

Sixth. Europeans harbor suspicions about the Astana process, which they consider a Russian attempt to devise an substitute for the UN-backed Geneva format. Russia believes, however, that the Astana process it engineered supplements all the negotiating platforms and does not attempt to replace them. Some in Europe argue that the time has come to merge the Astana process with the Small Group on Syria; others propose bringing the United States into the Istanbul process. The common Russian position is that any negotiating format should be considered, but that no major player (including Iran) should be left out. The Iranian dimension might also be an important topic for Track-II consultations between Russian and European experts.

In sum, European and Russian views on Syrian reconstruction diverge more than they converge. It is important to note that the dynamics of Russian-Western relations on issues not related to Syria influence the two parties’ different positions. To bridge the difference and find common ground regarding Syria’s reconstruction, more detailed and focused conversations are in order. Given the sensitivities of many practical issues related to reconstruction, a Track-II exercise (perhaps fortified with government technocrats from both sides) would be the right format to pursue these conversations further.

Russia, the EU, and the Struggle Over Syria Reconstruction

Joost Hiltermann

The Syrian war is not yet over, but the Al-Assad government's campaign to suppress the popular challenge to its rule – initially a protest movement, later an armed insurrection and proxy conflict – seems to be approaching its end. In 2018, government forces backed by Russian airpower eliminated important pockets of resistance to Al-Assad's rule around Damascus and in the south.

Today only Idlib remains as a significant bastion of rebel control, with jihadists playing the dominant role. The regime appears poised to retake it, but is likely incapable of doing so without Russian support. Rather than greenlighting an all-out offensive, Russia is pursuing a gradual process to preserve its valuable relationship with Turkey, a major stakeholder in the north. In the event of a full-scale military offensive targeting the entire governorate, a massive flight of civilians – with some jihadist militants mixed in – would rush towards Turkey's border. In Sochi in September, Russia and Turkey agreed on a ceasefire and the creation of a demilitarised belt around the Idlib zone, leaving Ankara in charge of dealing with the jihadist problem. This could suggest that Moscow might be prepared to consider non-military alternatives to resolve the situation in the north, or at least that there is time to explore a non-military approach.

Other theatres give cause for concern – the northeast, where the Syrian affiliate of the PKK holds sway, backed by U.S. troops; and a dangerous nationwide standoff between Israel and Iran/Hezbollah over the extent of Iran's role in Syria. Still, it has become clear that Al-Assad has survived the war, and is now seeking to recover full political and security control. However, because regime forces have been weakened significantly in seven years of fighting, and the economy and infrastructure have sustained severe damage, this will require time, continued protection from Russia and Iran, and major infusions of reconstruction funds and investments.

Both Russia and Europe have said they would like to see Syria stabilised. But they diverge in their interpretation of what this means, just as they diverge in how they interpret the war, its causes and current status, and what should happen next.

This paper provides a personal analysis of the dominant European perspective on the question of the Syrian war and post-war reconstruction, and also refers to what Europe or the author understand the dominant Russian viewpoint to be.

Diverging Perspectives and Narratives

The Fate of the Al-Assad Regime

From the European perspective, Russia considers the regime's survival a *sine qua non*. Broken down, it sees Russia's objectives in this respect as wanting:

- a) To preserve both its gains in Syria and its foothold in the Mediterranean and the Middle East more broadly.

Russia had a small military footprint in Syria before the popular uprising in 2011, which derived from a relationship dating back to the Cold War. At that time, the Soviet Union developed an alliance with the Baath regime in a global competition with the United States, in part as a counterweight to NATO missiles at In-cirlik in Turkey, and in part to secure a military presence in the Mediterranean.

Russia's September 2015 military intervention aimed to shore up a regime that had suffered major territorial losses and whose security forces had been depleted through casualties and defections. Having succeeded in that significant yet limited objective, and perhaps having its 1980s Afghanistan quagmire in mind, Russia now desires Syria to recover to a point at which it can safely reduce or end its military deployment. It may benefit for now from a Syria it can use as a war and weapons laboratory, and thus as an opportunity to promote its weapons industry in the region, but ongoing conflict is unlikely a Russian interest.

To this end – in the European view – Moscow seeks to initiate a Syrian-led process of political reform it controls – even if handled by the UN – that would enable it to reduce its military footprint and expenditures in Syria and attract reconstruction funds but stops short of changes that could jeopardise the regime. A negotiated end to the war also could enable Russia to project itself further into the Middle East and North Africa by demonstrating that Russia, unlike Western powers, sees its engagements through until a sustainable outcome has been achieved. Moscow may be sensing an opportunity in the U.S.'s perceived retreat from the region, at least in soft-power terms.

- b) To reinforce the existing authoritarian order, establish itself as a reliable ally for Middle East powers (and beyond), and thus prevent contagion from U.S.-led “regime change”.

Moscow has been spooked by the so-called colour revolutions for their potential to end up on its own doorstep. The conventional view inside the Russian government appears to be that the U.S. helped destabilise the MENA region by inciting mass protests through civil society actors it had funded, or at least by encouraging them by not rushing to its allies' aid. Sowing instability, and thus introducing an element of volatile unpredictability into the region – Moscow deemed this an intolerable threat to its interests. The pre-2011 Arab regimes may have been Western allies (even Hafez Al-Assad had joined the coalition seeking to reverse Iraq's 1990 Kuwait invasion), but as *autocratic* regimes they benefited Russia by providing a regional environment that of-

ferred a measure of stability and predictability, kept jihadists at bay, and allowed Russia to sell its weaponry at a time when it was turned inward, trying to rebuild its economy in the wake of post-Soviet turmoil.

Russia has worked hard to reverse the trend and return to the pre-2011 order to the extent possible – a pre-2011 in which it would play a more influential role. The UN Security Council resolution enabling the 2011 NATO intervention in Libya was one important turning point; the ousting of Ukrainian President Viktor Yanukovich in 2014 another. In Libya, President Vladimir Putin decried what he saw as Western powers' subversion of a UN mandate by turning an effort to protect Benghazi's threatened population into a successful regime-change agenda. In Ukraine, Russia, as seen from the Western capitals, responded by annexing Crimea and supporting secessionists in the Donbas region. And in Syria, Russia has used its veto power in the Security Council to prevent a similar Western humanitarian-flagged military intervention that would remove the Al-Assad regime.

From Moscow's perspective, its 2015 intervention in Syria broke a link in a chain of Western-initiated interventions that led to unfixable state destruction and chaos. Russia was keen not to have Syria become the next Libya, and an uncontrollable jihadist-infested vortex on the edge of the post-Soviet space. It says it wants to bring the country back together again as "a normal state", and considers the question of the nature of the regime as heavily politicised and secondary. It is unclear if Europeans grasp the importance to Russia of its state-centric outlook – that is, the necessity of preserving the state and its institutions, and the recklessness of dismantling them, which partly explains its backing for Al-Assad in Syria.

Beleaguered Arab autocrats took heart from Russia's assertive policy in the face of an Obama administration that seemed reluctant to stand up for its traditional MENA allies in their internal struggles, and a Trump administration whose Middle East policy has remained befuddled and unpredictable. Moscow thus became a necessary diplomatic destination for Arab autocrats, men such as Egypt's President Abdel-Fattah al-Sisi or Field Marshall Khalifa Haftar in Libya.

The EU takes a view diametrically opposed to what it perceives Russia's thinking on the Syrian regime's survival to be. It sees the regime's model, and the social contract on which it is based, as having broken down; this is what drove the 2011 popular protests. In the EU's view, allowing the regime to revitalise itself in its current form can only perpetuate the basic problem, because it cannot be expected to depart from its failed model. This promises enduring instability.

In other words, the EU seeks not just any political transition in Syria but what it calls a "meaningful" political transition, one that is implemented in such a way that it effectively tackles this fundamental challenge of unaddressed grievances and the regime that resists addressing them. Put differently, the EU cannot envision a stable Syria under a regime immune to calls for reform that rejects broader participation.

The Status of the War

From the European perspective, Russia acts as if it considers the war in Syria as essentially over, with some relatively “minor” problems – Idlib, Afrin, the Euphrates Shield area, the northeast – still to be sorted out. To Russia this means that reconstruction can and should begin in government-held territory.

To this end, Russia has started approaching the EU and individual member states to press them for coordinated refugee return and ask them to provide financial support for reconstruction and lifting sanctions. Syria’s recovery would secure Russia’s gains and, to the extent reconstruction is effected through Western help, re-legitimise the regime.

In the EU’s view, by contrast, the war is far from over: the regime is poised to re-take areas still outside its control, and the regime itself – by its very nature – is a generator of instability. And if Syria has not yet arrived in a post-conflict stage, any serious talk of reconstruction is premature. The EU wants a “meaningful” political transition, and does not want to become a tool for Russia and Iran to shape their agenda in Syria by paying for reconstruction, thereby re-legitimising the regime and funding the war economy. To the EU, such an eventuality could only exacerbate the roots of the conflict by leaving them unaddressed, and ensure that the war will continue or flare up again.

The Notion of a Stable Syria

In Europe’s view, a stable Syria is a Syria that has an accountable political system that invites participation, governs transparently, has built-in checks and balances, and would encourage refugee return by providing a safe environment. It knows this is no longer within reach. But it is not ready to settle (or pay) for something a good deal less, and it believes that a Syria under a regenerated Al-Assad regime cannot bring any kind of lasting stability.

Europe sees Russia, by contrast, as wanting Syria to remain under the current regime, even if some of the figures change, or are changed. It sees Russia as defining stability in Syria as a situation in which the regime is capable of holding the country together, is friendly to Russia, serves Russian interests and accepts its protection to maintain the status quo. It understands that Russia, unlike the regime, is pushing for a substantial organized refugee return as a way to rebuild the country and re-legitimise the regime, but it doubts that Russia is willing or capable of imposing this on its Syrian ally, which appears to want, at most, a selective refugee return that can pose no threat to its survival. Moscow has indicated it is in “a difficult discussion” with Al-Assad about this.

The Definition of Reconstruction

When Russia talks about “reconstruction” in Syria, it seems to be referring mainly to “construction”: the application of bricks and mortar to rebuild physical infrastructure. (The plan Russia presented for organized refugee return speaks exclusively of construction logistics, tons of concrete, etc.) This is not the EU’s view: it defines “reconstruction” broadly to include not only those items

but also importantly governance and security, and the mending of Syria's frayed social fabric. Anything short of this it considers the regime's attempt to fight a "war by other means", a process in which Europe should not become trapped.

The dilemma of the Russia vs EU reconstruction debate may be summed up in the juxtaposition of the two most likely future scenarios for Syria, each of which promises a form of chronic instability as the war's main outcome:

- a) One is a Syria whose instability would derive in part from a lack of major reconstruction and investment due to a Western refusal to provide the necessary funds. Without such reconstruction, the country will remain a basket case, unable to meet the serious development challenges it will face, aggravated by seven-plus years of war. (This is quite apart from the possibility that the U.S. may seek to turn Syria into a quagmire for Russia if it fails to agree to act on the Trump administration's top priority in Syria: removing the Iranian military presence.)

If the regime is incapable of providing a future for its citizens, many will continue to try to leave; others may attempt sabotage or even insurgency. Al-Assad rejects Western assistance that comes with strings attached, because he fears that a UN-led political transition may become so "meaningful" as to culminate in his and his regime's demise.

- b) The other scenario is a Syria whose instability derives, to the contrary, from a regime rehabilitation aided in part by a Western willingness to provide significant reconstruction assistance. Western states would have to swallow deeply, however, to overcome a significant political and moral dilemma; they know that their assistance will confer legitimacy on this regime by default, making the latter even more resistant to reform. And an enduringly repressive regime is likely also to be chronically unstable, and an ongoing source of out-migration.

Neither form of instability is positive for, or desired by, either Europe or Russia. For Europe, it will mean the prospect of more refugees and possibly jihadists coming to its shores and cities. For Russia, it will mean the need for continuous military investment in a country from which it would much rather withdraw most of its forces.

The Nature of a Political Transition

In Europe's view, Russia, to escape this dilemma, would prefer a path allowing for the *simulacrum* of a political transition, or a transition with a minimum of real reforms – one that would validate its accomplishments in Syria and attract at least *some* European reconstruction funds by dividing EU member states between those who insist on substance and others who, for one reason or another, are ready to settle for window-dressing.

It is trying to do so in two ways: by agreeing in principle to a political transition as part of the Geneva process and stopping short of military measures (such as enabling a regime offensive in Idlib) that would severely undermine it; and by

playing the definitional “grey zone”: the lack of clarity in Europe about terms such as humanitarian aid, early recovery, stabilisation and reconstruction. In that grey zone, we now come across confusing terms such as “humanitarian infrastructure” and “humanitarian reconstruction” – semantic fudges that allow one type of aid to be applied for a different purpose. Think of the difference between building new hospitals to replace those that have been destroyed (a form of development, and therefore inherently political) versus fixing existing ones (a humanitarian lifeline); mine clearance operations in government-held areas; or restoring clean-water supplies benefiting all of the country.

To be sure, such fudging will not yield major reconstruction. But symbolically it could be significant in showing some European states’ recognition of a regime they are actively helping to rebound, and in gradually expanding the margins of the acceptable to a point where the principled rejection of reconstruction without transition may start to erode. A refusal to talk with Damascus may then give way to a “technical dialogue” in response to the regime seeking to attach conditions to aid, and in turn this could lead to a political discussion premised on the regime’s staying.

For now, the wealthiest, most powerful group within the EU is holding firm that Europe is not prepared to pay for a what it sees as a Russia-created mess in Syria, and therefore on the need for Russia to agree to what the EU considers a meaningful political transition by reminding it of the high cost it would incur if it fails to choose that path. Syria would remain unstable, requiring indefinite Russian military engagement; and accommodation with Russia over other issues, for example sanctions imposed on Russia over conflict in Ukraine, would have even less chance of making progress.

Deeper Motivations

At bottom, the EU sees Russia as trying to drive a wedge in the Western alliance, including inside the European Union. This at a time when the EU is evidently struggling to maintain its unity in the face of not only the Syria reconstruction debate but also populist forces tearing at its fabric.

Toward Convergence?

The outcome of the Syria reconstruction debate is not yet visible. In part, this is because the reconstruction question is wrapped up in a broader standoff between the Western alliance and Russia, with developments in one theatre – Ukraine, UK/Skripal, U.S./elections – affecting those in another.

Moreover, if the recent past is any guide, it may also depend on developments on the ground in Syria – in Idlib, but also in the northeast, and indeed even in territory retaken by the regime. The latter areas, in particular, may provide a reliable test of the government’s willingness to refrain from taking reprisals against those it has defeated and with whom it has nominally reconciled. The current picture gives little cause for optimism: experiences in the southwest so far – arrests of those who had accepted a regime “reconciliation” deal – suggest that

the regime has resumed its repressive practices, and that only the Russian presence has been able to prevent an all-out settling of scores. But for how long is Russia prepared to deploy military police units there?

The first serious test of Russia's resolve in effecting a political transition in Syria, and in showing what type of political transition it envisions, may come in Idlib. Moscow has made clear that it would like to see Idlib revert to regime control. But the agreement reached with Turkey in Sochi in September 2018 suggests that Russia values its relationship with Turkey more than its desire to help its ally Al-Assad swiftly regain lost territory.

The outcome is unclear. Turkey may prefer to treat Idlib as it does Afrin and Euphrates Shield: as an indefinite part of its sphere of influence and leverage that will gradually grow closer to Ankara (rather than Damascus) unless and until Damascus is prepared to make reciprocal concessions in a political negotiation. For its part, Russia may choose to pursue a precarious process of easing Idlib back into a whole, Damascus-headed Syria via a number of steps negotiated between Moscow and Ankara, each possibly backed up by Russia's threat to use or allow the use of force. This is a smart policy on Russia's part: it achieves the primary objective of hoisting the Syrian regime back in the saddle without jeopardising Russia's relationship with Turkey. In this scenario, a managed transition in Idlib holds the promise for Turkey, for now, of not causing a sudden influx of refugees, with defeated jihadists mixed in. Yet Russia will face a real challenge in that the dominant insurgent force in Idlib, the Al-Qaeda spinoff Hey'at Tahrir al-Sham, is very unlikely to surrender to "reconciliation".

For its part, Europe is concerned that an Idlib takeover will create yet another humanitarian disaster that could only prejudice European interests, and is likely to link events there to reconstruction: if Idlib can be managed in such a way as not to provoke a major refugee outflow, the possibility of reconstruction remains on the table (but will still depend on other aspects of a political transition). But if Russia allows the regime to power ahead in Idlib, it will signal – in European eyes – that it is not interested in making concessions. In that case, European support for reconstruction may become even more tepid than it already is.

Beyond such "tests", Europe is looking to answer the question what sort of unhappy outcome in Syria it can settle for, assuming that there is no good outcome – few seem to believe that a "meaningful" political transition is possible. Is Europe better served by an enduring instability in Syria that derives at least in part from the absence of European-funded reconstruction, or by the equally enduring instability that it knows will result from the rebounding of an unreformed and hostile regime in Damascus? A cynic would say that for Europe the only real difference between the two scenarios is that in one it will be spending significant amounts on reconstruction, while the other comes for free.

Can Russia and the EU find common ground? The question whether they will be able to narrow their differences will depend, as said, on developments on the ground in Syria, but also on the extent to which Russia will facilitate a political transition that accommodates European interests. Russia should clarify what it

might be willing to offer Europe in order for Europe to lift sanctions and finance reconstruction. This will require active diplomacy between them, with three core elements:

- **A mutual acknowledgement of divergent perspectives**, as described above.
- **Identification of points of shared interest.** These might include, for example, the fate of jihadists fleeing Idlib into Turkey, who might try to transit from there not just back home to Europe but also back home to the Caucasus. Both Europe and Russia have an interest in preventing this. The best way is through an arrangement for Idlib negotiated by Russia with Turkey, backed by the EU.

Another shared interest is a functioning Syria, despite differences on what this would require. Joint steps toward establishing a committee that would draft a new constitution are positive. Also, Europe and Russia could find common ground in preventing an escalating confrontation between Israel and Iran; both maintain working relations, or better, with the relevant capitals, and could coordinate to put in place mechanisms that would help avert inadvertent conflict.

- **A transparent weighing of respective points of leverage.** Russia has gained a predominant military position in the Syrian war, which gives it an advantage in the political field. It could do great harm to Turkey and Europe by pushing more refugees in their direction, and can try to use the threat of this to extract concessions, as it did with Turkey over Idlib.

But Russia also faces constraints, which Europe can exploit. Russia needs an exit strategy from the Syrian war that provides a soft landing. This remains difficult as long as Europe keeps sanctions on Syria, or even reinforces them – and thus prevents major outside investments and reconstruction funds – and also as long the U.S. can apply its strong spoiling capability. A sensible approach to overcoming differences is to see how respective advantages cancel each other out, and then refocus on areas of common interest.

The quadrilateral summit in Istanbul at the end of October 2018 might be a good model for the way forward. Russia, Turkey, Germany and France jointly called for a lasting ceasefire in Syria and for a constitutional committee to convene before the end of the year. It showed that negotiations and cooperation between Russia and Europe are possible and could bear fruit.

Yet perfect convergence between European and Russian interests is unlikely in the extreme; even a partial convergence will be hard to achieve, and may require a strategic legerdemain. That will happen only when both realise, and agree, that the best they may be able to accomplish is a chronically weak and unstable Syria whose primary manifestations – lack of reconstruction/development, ongoing repression and, possibly, challenges to Al-Assad's rule – remain contained within its borders, and a Syria that is given time to address and overcome them.

Post-war Rebuilding of Syria. Russia's Perspective

Ruslan Mamedov
Tatyana Shmeleva

Syria holds a central place in Russia's Middle East policy, and relations between the two countries are governed by the Peace and Cooperation Treaty between the Syrian Arab Republic (SAR) and the USSR of October 8, 1980 (Syria recognized Russia as the successor to the Soviet Union in December 1991). Since the very beginning of the armed conflict in the SAR, Moscow has actively supported Damascus while maintaining active cooperation with international organizations and other actors. Now that hostilities are drawing to a close, Moscow tries to effectively lead the post-war economic rebuilding and development of Syria, while trying to develop cooperation in various areas, from construction, agriculture, and light industry to oil and gas and mineral resources. Russia is also actively encouraging the process of Damascus's return to the fold of the League of Arab States since the reinstatement of Syria's membership in this organization would undoubtedly kick-start the process of the country's economic rebuilding.¹ Although the US and EU sanctions against Damascus will remain in force for a long time, they could no longer be a deal breaker for other Arab countries.

As far as Moscow is concerned, it is no secret that apart from strategic, political and economic interests, Russia also has actual projects underway in Syria. For instance, despite recent US accusations that two Russian companies – Promsyeimport and KGK (Global Vision Group) – are bypassing US sanctions by facilitating Iranian oil supplies to Syria, Moscow has no plans to pull out of its agreements with the government of Syria's president Bashar Al-Assad.

Russian-Syrian energy cooperation

On January 31, 2018, the heads of the relevant agencies in Russia and Syria signed a two-year roadmap for cooperation on energy and electric power, with an option for an extension. The agreement not only envisages Russia rebuilding and

¹ Syria's membership in the organization was suspended in November 2011 after a domestic conflict broke out there. Most Arab countries recalled their ambassadors from Damascus and cut trade ties to Syria. In this regard, it's worth noting that Syria's return to the League of Arab States (LAS) is essentially the single most important goal of Russia's diplomacy as far as Damascus is concerned. Russian Foreign Minister Sergey Lavrov has stressed that "we [Russia] are interested in restoring Syria's relations with the League of Arab States so that Syria returns to the Arab family. Syria needs an intensification of humanitarian assistance to create conditions for a return of refugees, where we see a potential for serious work that should be completed to implement the UN Security Council resolutions."

upgrading destroyed and existing energy facilities in Syria, but also the construction of new ones based on a concession contract. In addition, as part of a framework agreement on energy cooperation signed in late January, Moscow has been granted the exclusive right for oil and gas extraction in Syria.² The SAR government is prepared to make deals with Russia on a “security in exchange for extraction of natural resources” basis. Moreover, given the close relationship between Moscow and Damascus, the Syrian government has introduced the most favored nation regime (in terms of taxes, customs, etc.) between the two countries for Russian enterprises and companies participating in qualifying projects.

As early as in mid-2018, Russian companies such as STG Engineering, Zarubezhneft, Zarubezhgeologiya, and Technopromexport had launched geological exploration inland and offshore in Syria in addition to work on heat power plants there. Keep in mind that under the road map, Russia has committed to helping Damascus rebuild or upgrade oilfields, refineries, and infrastructure, and even set up new energy projects.³ Syria's priority in electric power is to secure uninterrupted electricity supplies to its cities and towns. As far as Western countries are concerned, Bashar Al-Assad has openly expressed his distrust in them, stating that he wouldn't allow them to participate in his country's rebuilding, while granting Russian companies the exclusive opportunity to operate in Syria's oil and gas sector. Remarkably, prior to the start of the armed conflict, Syria's key foreign energy partners/investors had included the British-Dutch Royal Dutch Shell, India's Oil and Natural Gas Corporation, and China's China National Petroleum Company. As hostilities draw to a close and the legitimate government restores control over oilfields and deposits, Damascus's allies or friendly neutral countries will receive preferential treatment there.

The Syrian economy has suffered close to \$400 billion in damage over almost eight years of war, with the oil sector accounting for almost \$70 billion, according to preliminary estimates made by experts of the United Nations Economic and Social Commission for West Asia.⁴ Under even the most sanguine forecasts, Syria is unlikely to reach pre-war oil production levels before 2023. The country's oil output is now 1/24 of what it was back then, with natural gas production almost halved and the oil and gas infrastructure in a shambles. On December 12–14, 2018, at the 11th session of the Russian-Syrian Intergovernmental Commission on Trade, Economic, Scientific and Technical Cooperation in Damascus, both sides signed a number of additional commercial agreements on the exploration and extraction of hydrocarbons. No details of the agreements have been revealed, for instance, which Russian companies will be involved in Syrian projects or in which projects exactly. Moscow is notably conducting exploration work without the benefit of precise data on natural gas reserves to be found in Syria's territorial waters.

² Katona V. Russia Is Taking Over Syria's Oil And Gas // OilPrice.com, 14.02.2018.

URL: <https://oilprice.com/Energy/Energy-General/Russia-Is-Taking-Over-Syrias-Oil-And-Gas.html>

³ Russia launches oil and gas exploration in Syria (روسيا تباشر التنقيب عن النفط والغاز في سوريا) // Syria TV, 07.07.2018.

URL: <https://www.syria.tv/content/روسيا-تباشر-التنقيب-عن-النفط-والغاز-في-سوريا> (In Arabic)

⁴ Experts have measured the damage of military action to the Syrian economy // Izvestia, 08.08.2018.

URL: <https://iz.ru/775996/2018-08-08/eksperty-otcenili-ushcherb-siriiskoi-ekonomiki-ot-voennykh-deistvii> (In Russian)

Yet some think tanks are guesstimating Syria's oil and gas reserves. For example, Firil, a research centre based in Berlin, released a report in May 2017 entitled "Syria Ranks Third among Oil and Gas Producers", where it put Syrian natural gas reserves at 28 trillion cubic meters.⁵ Syria's Minister of Petroleum and Mineral Resources Ali Ghanem has stated that offshore gas deposits constitute a highly promising sector, with reserves of 250 billion cubic metres. Others disagree. Abdel-Qadir al-Alaf, a Syrian expert on oil and mineral resources, believes the figures are a shot in the dark anyway because they have not been borne out by geological exploration and are nothing but a propaganda ploy by the Syrian regime to promote the rebuilding project.⁶ Economically speaking, Russia would benefit enormously from taking control of Syria's gas fields. Natural gas is Syria's main fuel for electricity generation, suggesting domestic demand will remain steady going forward. Moreover, the odds are good that Syria's continental shelf in Eastern Mediterranean contains a deposit with reserves on par with the Zohr, Leviathan, and Aphrodite fields.

Outlook for trade, industry and infrastructure

Beyond hydrocarbons, Russia finds some other industries in Syria worthy of attention. In late February 2018, the Chamber of Trade and Industry of the Russian Federation hosted a Russian-Syrian Business Forum where Russian companies discussed projects with their Syrian partners to establish auto and agricultural machinery assembly plants in Syria in addition to more than ten reinforced concrete factories to rebuild destroyed housing.⁷ Damascus has offered to set up truck assembly facilities as it needs dump trucks and other auto equipment not only for construction, but for other economic activities as well. Remarkably, the Syrians prefer joint production facilities in this and other sectors in Syria to supplies of ready-made products from Russia. On the Russian side, partners for building auto assembly plants are likely to be auto dealers rather than major automakers. Joint projects include the development of Syrian-Iraqi and Syrian-Lebanese transport and energy infrastructure. Keep in mind that oil pipelines run from northern and central Iraq to seaports in Syria (Tartous, Banias) and Lebanon (Tripoli, Sidon – via Syria), which intersect with a Saudi-Iraqi oil pipeline terminating at Sidon. All that infrastructure needs to be upgraded; Syria's gas pipeline network is also due for an expansion, including connections to Iraq, Lebanon, and Jordan. It was noted during the Forum that those strategic projects had been placed on the list of potential areas for Russian-Syrian cooperation. It is thus difficult to disagree with Russia's Deputy Minister of Economic Development Alexei Gruzdev's opinion that "the opportunities for cooperation [between Damascus and Moscow] are essentially unlimited – for instance in ag-

⁵ Through the gate of Syria, Russia on its way to take over Mediterranean gas // Enab Baladi, Syria. 14.01.2019. URL: <https://english.enabbaladi.net/archives/2019/01/through-the-gate-of-syria-russia-on-its-way-to-take-over-mediterranean-gas/>

⁶ Jalil M.A. Russia is on its way to control over the Mediterranean gas (Enab Baladi, Syria) // Center for Military and Political Research, 15.01.2019. URL: <http://eurasian-defence.ru/?q=node/43281> (In Russian)

⁷ Chichkin A. Economic cooperation between Syria and Russia: On track to peace in the Middle East // Military and Political Analytics web magazine, 06.04.2018. URL: <http://vpoanalytics.com/2018/04/06/ekonomicheskoe-vzaimodejstvie-sirii-i-rossii-na-puti-k-miru-na-blizhnem-vostokey/> (In Russian)

riculture: Syrian business is already building up exports of plant and animal products to Russia. Other sectors include energy, chemicals, construction, and oil and gas. The latter mainly has to do with Syria's huge oil & gas reserves. Don't forget phosphorites. All this requires the development of integrated processing of those types of raw materials there from the outset.”⁸

As for refinement and the implementation of joint investment projects, the head of the Syrian-Russian Business Council, Samir Hassan, believes that “it's important to design a mutual settlement system and to set up business insurance arrangements first, and also to resolve the matter of regular transport communications between the two countries and to introduce permanent visa exemptions for entrepreneurs from both countries.”⁹ These issues need to be resolved as soon as possible; new agreements on Russian technological and financial aid for the rebuilding of Syria's energy sector and transport infrastructure were signed in early 2018. A little earlier, General Director of Syria's Railways Najib al-Fares held talks at Russia's Ministry of Transport and Ministry of Industry and Trade (specifically with Deputy Minister of Transport Sergey Aristov and Director of the International Cooperation Department of the Ministry of Industry and Trade Alexey Gospodaryov) on Russia's participation in rebuilding Syria's railway facilities. According to an official press release issued by the Russian Ministry of Industry and Trade, “both parties held a detailed discussion on the outlook for Russian companies to participate in projects involving the development of railway infrastructure in Syria, including the reconstruction of existing train depots, supplies of rolling stock, and the training of personnel”.

Damascus has also emphasized the importance of regular transport links between the two countries. Sea transit via the Turkish Straits has so far remained the only viable route. Land communications between Russia and Syria are at risk of becoming paralyzed due to a transport and economic blockade of Syria by Turkey, which has stationed its troops in parts of Syria's northwest. Stable transport communications between Russia and Syria are largely contingent on the convergence of the positions of Moscow and Ankara as part of both the Russian-Iranian-Turkish “troika” and a bilateral dialogue. Railway links in the region remain closed; however, as a reminder, trains ran between the Soviet Union and Syria (although admittedly on a small scale) from the 1960s until the mid-1980s via the Georgian and Armenian Soviet Republics and Turkey. At the same time, apart from its obvious role for the country's economy, Syria's transport system serves as a crucial corridor for many Middle East nations (such as Iraq, Jordan, Kuwait, Bahrain, UAE, and Qatar). Railways and oil pipelines not only link these countries with Syrian and Lebanese ports, but they also provide a gateway for them to Turkey and on to Europe, which is rather important for Russia's economic ties with those Arab states too.

⁸ Kolesnikov P.M. On Russian-Syrian economic cooperation // Kazan Federal University, 2018.
URL: https://kpfu.ru/portal/docs/F_2054936721/O.ros_sirjjs..ekonom..sot..pdf (In Russian)

⁹ The Chamber of Trade and Industry hosts a forum called “On Russian-Syrian business cooperation: Opportunities and outlook” // Novye Izvestia, 27.02.2018.
URL: <https://newizv.ru/news/economy/27-02-2018/v-tpp-otsenili-vosstanovlenie-ekonomiki-sirii-v-500-mlrd-dollarov> (In Russian)

As far as the development of Syria's phosphate deposits is concerned, it has been contracted out to StroitransgazLogistika, a company majority-owned by Gennady Timchenko. Not only that, but this company will also provide security for the phosphate deposits.¹⁰ The Syrian newspaper EnabBaladi reported in April 2018 that Bashar Al-Assad had signed off on a 40-year contract with the firm, which will extract phosphates in the Palmyra area.¹¹ The Ash-Sharqiyah (or As-Sawwanah) deposit is located 45 km southwest of Palmyra and the Khunayfis field is 60 km from the city. They used to produce 3.5 million tonnes annually, with 3 million tonnes exported and the rest shipped to a fertilizer plant at Homs. Production stopped on 21 May 2015 after IS, a terrorist group banned in Russia, seized the area.¹² The Syrian government army re-established control over the mines in March 2016, before being pushed out by IS in December of that year. It was only in late May 2017 that the terrorists were squeezed out. Under a new 50-year production sharing agreement, the share of the Syrian Institute for Geology and Mineral Resources will be 30%, production capacity will be 2.2 million tonnes annually, and total reserves are estimated at 105 million tonnes. Phosphate production increased to 12.5 million tonnes in 2017.

At this point, the reader may wish to ask a legitimate question: Why would Russia, the world's fourth largest phosphate producer, express such a sincere interest in Syrian phosphates? Many experts believe that Moscow's interest in Syrian phosphates is rooted in cadmium, a carcinogen. The EU has been known to express concerns over the high content of cadmium in mineral fertilizer it imports.¹³

Russia, on the other hand, has monopolized the EU fertilizer market with its low-cadmium phosphate offerings. Citing well-informed sources, the Al-Modon, an online Lebanese newspaper, reported that Syrian phosphates also have a low cadmium content of between 3 ppm to 5 ppm. This might be the most likely reason why Russia is willing to extract phosphates in Syria, despite a tiny output volume compared to its own. Russia could benefit from Syria's phosphates by boosting its reserves to compete more aggressively in the EU fertilizer market and to mitigate the risk of toxic components adversely affecting the quality of phosphates exported to the EU. Several well-informed sources have reported Russian-produced Syrian-sourced phosphates already hitting European markets as of this writing.

To summarize, we can note that it's becoming increasingly obvious that Russia's participation in the Syrian armed conflict has resulted in some benefits for itself, as Russia has made a whole number of lucrative deals with Damascus in exchange for aiding the Syrian government, and has received essentially all natural

¹⁰ How much will Gennady Timchenko earn on phosphate extraction under Palmyra // RusLetter, 23.04.2018.

URL: rusletter.com/articles/how_much_will_gennady_timchenko_earn_on_phosphate_extraction_under_palmyra

¹¹ Kayali M. Russian company controls the sole fertilizer complex in Syria (شركة روسية تسيطر على مجمع الأسمدة) // Al Modon online newspaper (Lebanon), 10.11.2018. URL: <https://www.almodon.com/arabworld/2018/11/10/وردا-الوحيد-في-سوريا-شركة-روسية-تسيطر-على-مجمع-الاسمدة-الوحيد-في-سوريا> (In Arabic)

¹² Russian Ambitions for Syrian Phosphates // Pakistan Defence, 05.08.2018.

URL: <https://defence.pk/pdf/threads/russian-ambitions-for-syrian-phosphates.571124/>

¹³ Gilbert N. European Union debates controversial plans to limit cadmium in fertilizer // Science magazine online, 10.04.2018. URL: <https://www.sciencemag.org/news/2018/04/european-union-debates-controversial-plans-limit-cadmium-fertilizer>

gas and other natural resources under 49-year agreements signed by Syrian President Bashar Al-Assad.¹⁴ Russia has thus tried to “sideline” Iran by establishing control over Syrian resources (natural gas, oil, and phosphates) under long-term contracts. Control over Syrian deposits could also be used as a tool for soft influence on international politics, in particular OPEC, something that Moscow only stands to benefit from.

Challenges and Opportunities for Russian-European Cooperation from the Rebuilding of Syria

In terms of Russia’s approach to the rebuilding of Syria, it is worth noting that the issue of Syria is far from being a key one for Moscow when it comes to a global context of Russia’s foreign policy. Russia does not stand to lose or win from any injections into the Syrian economy. Russia’s policy is state-centric and relies on strict compliance with the principles of Syria’s sovereignty over its entire territory and non-interference in others’ internal affairs.

There are three potential scenarios for the rebuilding of Syria that Moscow is considering. The first and most likely one involves a limited “self-reliant” process of rebuilding Syria with help from Damascus’s allies led by Iran. The second scenario envisions lifting sanctions combined with the EU’s active participation in rebuilding efforts, which would give European capitals a chance to have a say in the region’s political future. Yet the Europeans insist that any EU participation is contingent on a political settlement (Moscow tends to have a dim view of such a demand).¹⁵ The third option – the most promising one for both Russia and Syria – is to engage Gulf states in co-financing the rebuilding, thus creating an opportunity for them to balance out Iran and preventing Syria’s complete break-up with the rest of the Arab world. The latter scenario relies on a logic that is opposite to the European approach of political settlement first and possible investment later. A parallel process of investments in rebuilding has been proposed, which would contribute to political stabilization and have a positive effect on the further consolidation of Syrian society.

Syria’s post-war period has raised the question of looking for the funds needed to rebuild the country’s economy. Three countries that are crucial to a Syrian settlement – Russia, Iran, and Turkey – have only limited capabilities in this regard. Yet their presence in Syria’s future should be assured and a balance of interests, albeit an adjusted one, should be legitimized.

European media and all manner of analysts have pushed the idea that Russia needs Europe, if not the US, and its financial injections.¹⁶

¹⁴ Jalil M.A. A new dress for colonialism ... Syria is a city of Russia for 50 years. (ثوب جديد للاستعمار ... سوريا) // EnabBaladi, 03.04.2018. URL: <https://www.enabbaladi.net/archives/210720> (In Arabic)

¹⁵ Pozdnyakova N., Hodali D. Should Germany finance the rebuilding of Syria? // Deutsche Welle, 27.08.2018. URL: <https://www.dw.com/ru/должна-ли-германия-финансировать-восстановление-сирии/a-45213634> (In Russian)

¹⁶ Putin urges Europe to help to rebuild Syria, so refugees can return // The Guardian, 18.08.2018. URL: <https://www.theguardian.com/global/2018/aug/18/putin-urges-europe-to-help-rebuild-syria-so-refugees-can-return>

However, this logic is twisted. Russia's foreign policy operates through combinations of interests of other forces. In other words, Moscow looks at what everybody wants, learns how to strike a balance of interests, and decides what policy to conduct within a given context. It's not that Russia desperately needs European cash for rebuilding Syria. While EU participation would be welcome, it is by no means critical. Europeans tend to believe that although Russia fought there and has gained influence, it is still asking others to pay for rebuilding. This is a very simplistic outlook too. Russia is investing serious money – more than any European country – in transforming and strengthening the Syrian security system (beyond the aforementioned economic projects).

Russia's interests in Syria have already been secured; not only that, but since 2015 Moscow has completed the modernization of its armed forces, improved logistics, tested advanced military hardware, increased weapons supplies, and joined the biggest oil and gas projects in the region.

The only thing that will happen in Syria without European engagement or much talked-about European cash (the availability of which has been greatly exaggerated) is that the current situation will persist and Bashar Al-Assad and Iran will see their positions strengthened – all without a mass return of refugees. In the absence of interest and assistance on the part of the US or the EU, Russia has no incentives to try and resolve this issue on its own. Moscow has clearly indicated to European capitals that, subject to the appropriate support, Russia would be able to offer help or even organize the process of return of refugees and convince Damascus of the need to relax its laws somewhat to prevent situations where returning refugees are jailed, e.g. for draft dodging (more than 50,000 have already been amnestied).¹⁷

Meanwhile, the EU still lacks a common strategy for Syria, the broader region, or the problem of migrants as a whole. Many Europeans are pushing to bring decision-making on Syria back to Geneva. Many share the opinion that the establishment of the Astana negotiation process has stymied the main Geneva format. The Astana stakeholders and Russian Foreign Ministry representatives have repeatedly stated that the Astana format is only complementary to Geneva in that it is designed to resolve technical issues and implement agreements “on the ground.”¹⁸ For the Europeans, the situation is made worse not only by the general mistrust they feel towards their big Eastern neighbours, but also by a split within Europe itself, where approaches differ, as well as by the US administration's policy.

Russia is above all else demonstrating to European capitals its readiness to facilitate their participation in Syrian and regional affairs while taking Moscow's and Damascus's own interests into account. The launch of the Istanbul process – co-sponsored by Russia, Turkey, France, and Germany – is clear evidence of that.

¹⁷ Syria's leader issues a decree of amnesty for draft dodgers // RIA Novosti, 9.10.2018.
URL: <https://ria.ru/20181009/1530247919.html> (In Russian)

¹⁸ Russia's Foreign Ministry calls the Astana format a success for Syrian settlement // Izvestia, 23.10.2018.
URL: <https://iz.ru/803848/2018-10-23/mid-rossii-priznal-astaninskii-format-uspeshnym-v-uregulirovani-situacii-v-sirii> (In Russian)

In addition, Iran also believes the Istanbul Four format is useful since Tehran would be more receptive to European money and influence being deployed in Syria than to a strengthening of the Gulf monarchies in the Eastern Mediterranean. France and Germany are interested in Syria's stability, as are Russia and Turkey. Yet the Europeans' actions are motivated by their reluctance to see a massive influx of Syrian refugees in the event of a full-scale offensive in Idlib, a province almost entirely under control of terrorists from Hey'at Tahrir ash-Sham. It's worth noting in this context that in the absence of rebuilding efforts, Syria could become a breeding ground for terrorists once again.

Syria remains under tough European sanctions and overcompliance of states with them. Not only have the Europeans kept existing sanctions in place, but they keep piling them on (the latest round was imposed in January 2019).¹⁹

Damascus won't take any talk about European involvement in the rebuilding process seriously unless at least some of those sanctions are lifted. Sanctions are forcing it to conceal various financial operations, exacerbating the negative effects on Syria's economy. Yet staying in the shadows is also helping the Syrians to execute financial transactions and bypass sanctions. Syria is ready for zero financial assistance from Europe once the sanctions are lifted, but the Europeans are not even letting its businesses decide for themselves whether or not to invest in Syria.

As long as the EU supports the idea of promoting democracy, human rights, and freedom of speech by consolidating Syria's civil society, it would make sense for it not to politicize humanitarian assistance and consider a partial lifting of the sanctions at least for projects that are intended to relieve the burden on ordinary Syrians. In terms of effective European involvement, there is an understanding that the linkage to political transition is not very pragmatic. What's more, the humanitarian dimension of this EU policy is doubtful, too, because it's ordinary Syrians and not the elite who are suffering. If anything, the eight years of war have shown that sanctions lead to covert schemes, a paralysis of governance, destruction, and migration, all without affecting the policy of the state under sanctions one bit. In this regard, it's high time for the EU to reconsider its policy and launch a dialogue with Damascus while gradually lifting barriers to business (it's not about funds for reconstruction). Yet the odds of this happening are clearly slim, as is the case with American sanctions too.

Under these circumstances, Moscow will keep looking for alternatives. Different players have expressed an interest in the post-conflict rebuilding of Syria, with China and India potential game changers. Nevertheless, Russia is currently trying to legitimize Syria as part of the League of Arab States. The UAE and Bahrain – the closest allies of the most consistent opponent of official Damascus – have already opened official representative offices in the SAR despite the risk of running afoul of American extraterritorial sanctions. It remains to be seen how

¹⁹ Loveluck L. Syria is ready to court investors but Europe wants to prevent it // The Washington Post, 23.01.2019. URL: https://www.washingtonpost.com/world/middle_east/syria-is-ready-to-court-investors-but-europe-wants-to-prevent-that/2019/01/23/a40abe52-1e4b-11e9-a759-2b8541bbbe20_story.html?noredirect=on&utm_term=.efa832aba987

tough the US will act in dealing with its allies in the region. The Syrian elite is prepared for all eventualities, including a lack of funds for rebuilding, which would only make it reluctant to readmit millions of refugees camping in other countries. The EU could benefit from establishing direct contacts with Damascus so that it is able to communicate its concerns and potentially reach certain agreements. Otherwise, it runs the risk of losing the rest of its influence just when other forces are actively establishing themselves in Syria and the region.

Post-Conflict Rebuilding Risks

The most likely scenario is for the US and the EU to maintain and tighten sanctions against Syria. Yet Syria's partners could also see their conditions worsen because they are also under American and European sanctions. The impact of those sanctions on Russian and Iranian companies is growing heavier with each passing year. Russia's efforts to legitimize Damascus's governing circles in the Arab world will only raise resources that are insufficient for effective rebuilding, especially given the challenges of coordination with Israel, Turkey, and Iran. Heavily sanctioned by America, Iran also has a limited ability to contribute to Syria's rebuilding given its own domestic economic troubles. Chinese big business will not be taking risks and investing in Syria, where key hydrocarbon deposits have already been divvied up between other, more influential players on the ground (such as Russia or Iran). Thus Iran's influence and the presence of the Chinese and the Gulf monarchies will be limited for natural reasons. Under these circumstances, the Bashar Al-Assad government has no incentives to actively cooperate on the return of refugees. Damascus is ready to continue rebuilding as the war goes on (the conflict is not over yet).

Special attention should be paid to creating an atmosphere of change in Syria's social order. Unless they are addressed and unless changes and reforms are introduced in the way the state is governed, the situation could revert to what it was before the war. Syria needs a new social contract or at least an illusion of progress in the political process, which would make it possible to consolidate society. Ways should be found for portions of the overseas Syrian diaspora to return home and bring their capital with them to be able to participate in rebuilding Syria subject to guarantees of their rights by Damascus (or even by Moscow – on a case by case basis). No rebuilding will begin in earnest as long as the existing political system, the BAATH party, the intelligence services, and the army are kept unchanged and unreformed, and until political competition, however sham, is permitted. People need basic services that the government is unable to provide, above all water and electric power. Demands for an effective government and efficient governance are growing even among those who have remained loyal to the government throughout all these years. Without reforms (the current ones are insufficient and not serious enough) and positive changes in the social and economic life, armed hostilities and terrorist attacks are bound to continue in different parts of the country.

About the Authors

Russian Side

Andrey Kortunov – Ph.D. in History, Director General, Russian International Affairs Council (RIAC).

Ruslan Mamedov – Program coordinator (MENA), Russian International Affairs Council (RIAC)

Tatiana Shmeleva – Expert, Middle East Institute (Moscow). Russian International Affairs Council (RIAC) expert.

European Side

Joost Hiltermann – MENA Program Director, International Crisis Group (ICG)

Russian International Affairs Council

Russian International Affairs Council (RIAC) is a non-profit international relations think-tank on a mission to provide policy recommendations for all Russian organizations involved in external affairs.

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President of RIAC Igor Ivanov, Corresponding Member of the Russian Academy of Sciences, served as Minister of Foreign Affairs of the Russian Federation from 1998 to 2004 and Secretary of the Security Council from 2004 to 2007.

Director General of RIAC is Andrey Kortunov. From 1995 to 1997, Dr. Kortunov was Deputy Director of the Institute for US and Canadian Studies.

Notes

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RUSSIAN INTERNATIONAL AFFAIRS COUNCIL (RIAC)
1, B. Yakimanka street, 119180, Moscow, Russia
Tel.: +7 (495) 225 6283
Fax: +7 (495) 225 6284
E-mail: welcome@russiancouncil.ru
www.russiancouncil.ru