



# Syria: Background and U.S. Relations

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## Summary

Despite its weak military and lackluster economy, Syria remains relevant in Middle Eastern geopolitics. Syria plays a key role in the Middle East peace process, acting at times as a “spoiler” by sponsoring Palestinian militants and facilitating the rearmament of Hezbollah. At other times, it has participated in substantive negotiations with Israel. Syria’s longstanding relationship with the Iranian clerical regime is of great concern to U.S. strategists. As Syria grew more estranged from the United States throughout this decade, Syrian-Iranian relations improved, and some analysts have called on U.S. policymakers to woo Syrian leaders away from Iran. Others believe that the Administration should go even further in pressuring the Syrian government and should consider implementing even harsher economic sanctions against it.

A variety of U.S. legislative provisions and executive directives prohibit direct aid to Syria and restrict bilateral trade relations between the two countries, largely because of Syria’s designation by the U.S. State Department as a sponsor of international terrorism. On December 12, 2003, President Bush signed the Syria Accountability Act, H.R. 1828, as P.L. 108-175, which imposed additional economic sanctions against Syria. In recent years, the Administration has designated several Syrian entities as weapons proliferators and sanctioned several Russian companies for alleged WMD or advanced weapons sales to Syria. Annual foreign operations appropriations legislation also has contained provisions designating several million dollars annually for programs to support democracy in Syria.

In recent months, the Obama Administration and the 111<sup>th</sup> Congress have increased calls for greater U.S. engagement with Syria. Several Congressional delegations have visited Syria, and Administration officials recently held talks with their Syrian counterparts. Whether or not this dialogue will lead to substantial changes in the U.S.-Syrian bilateral relationship remains to be seen.

This report analyzes an array of bilateral issues that continue to affect relations between the United States and Syria.

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## Overview of U.S.-Syrian Relations

Although President Obama has appointed a U.S. Ambassador to Syria, dispatched U.S. Special Envoy for Middle East Peace George Mitchell to Syria to revive Syrian-Israeli peace negotiations, and sent U.S. military delegations to Syria to discuss security cooperation, most analysts believe that there have been few substantive changes in Syrian government policy over the last year. As such, many observers argue that the United States should await positive steps from Damascus that would warrant any further improvement in bilateral relations. Syria continues to support Hamas and Hezbollah, maintain its diplomatic alliance with Iran, harbor Iraqi Baathists (and possibly Al Qaeda in Iraq operatives as well), and obstruct the investigations of the International Atomic Energy Agency (IAEA) regarding the alleged nuclear site that Israel bombed inside Syria in 2007. According to Secretary of State Hillary Rodham Clinton, “the president decided to return an ambassador because it is in our national interest to do so. This is not in any way a reward, because there is no basis for such an award for Syria. But it is because we think having an ambassador on the ground in Damascus helps to ensure our national interests are taken care of, and also to avoid strategic miscalculation on the part of the Syrians.”<sup>1</sup>

From Syria’s standpoint, while the government has applauded the Obama Administration’s more robust diplomatic approach, it asserts that its fundamental grievances with U.S. policy, i.e., the maintaining of U.S. sanctions, have not been addressed. According to President Bashar al Asad, “What has happened so far is a new approach. Dialogue has replaced commands, which is good. But things stopped there.”<sup>2</sup> Furthermore, Syria has blamed Israel for the lack of traction on the peace process and Iraq for the lack of security cooperation on the Syrian-Iraqi border. Overall, though Syria has made amends with Saudi Arabia, drawn closer to Turkey, intervened less forcefully in Lebanon, and improved its relations with France, ultimately, further improvement in U.S.-Syrian relations appears to depend on positive movement in the Arab-Israeli peace process, a prospect that seems far off at the moment. In the short term, most observers believe that Iraq presents the best opportunity for expanded U.S.-Syrian cooperation, particularly as U.S. forces there draw down.

In late February 2010, U.S. Under Secretary of State for Political Affairs William Burns traveled to Syria for a meeting with President Asad. Afterward, Burns said that “We talked candidly about areas in which we disagree, but also identified areas of common ground on which we can build.”<sup>3</sup> The Israeli newspaper *Ha’aretz* reported that, soon after the visit, U.S. and Syrian officials held additional talks in which the Administration demanded a halt to weapons smuggling to Hezbollah via Syria.<sup>4</sup>

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<sup>1</sup> Feb. 25, 2010 House Foreign Affairs Committee Holds Hearing on President Obama’s Fiscal 2011 Budget Request for the State Department and the United States Agency for International Development

<sup>2</sup> “Syria Says U.S. Is Slow to Act,” *Wall Street Journal*, November 16, 2009.

<sup>3</sup> “U.S. Diplomat, Syrian President Meet in Damascus,” *Wall Street Journal*, February 18, 2010.

<sup>4</sup> Open Source Center, “US Warns Israel, Syria Against ‘Miscalculation;’ Baraq: Iran Not ‘Totally Crazy,’” *Israel -- OSC Summary in English*, February 28, 2010, Document ID#GMP20100228739002.

Figure I. Map of Syria



Source: Map Resources. Adapted by CRS.

## Current Issues

### Israeli-Syrian Peace Talks

Although the Obama Administration would like to see the Israeli-Syrian peace track revived, both parties continue to differ over the framework for a resumption in either direct or indirect negotiations. Israel insists that any new negotiations with Syria should be conducted with no preconditions (such as an Israeli pledge to fully withdraw from the Golan Heights) and has ruled out a return to Turkish-mediated talks, several rounds of which were conducted in 2007. Syria would like Turkey to mediate indirect talks with Israel before moving on to direct talks. In the fall of 2009, French President Nicolas Sarkozy separately hosted the leaders of Israel and Syria in the hopes of reviving talks to no avail.

After months of inactivity, a “war of words” broke out in February 2010 between Israel and Syria after President Asad said that Israel is “pushing the region towards war, not peace.” His statement was viewed as either a calculated response or a misinterpretation of an earlier statement from

Israeli Defense Minister Ehud Barak who said that, in the absence of a peace settlement with Syria, a full-scale war could break out. The heated exchanges culminated in a Syrian threat to target Israeli cities in the “next war,” and a threat from Israeli Foreign Minister Avigdor Lieberman to “topple” the Asad regime should war break out.<sup>5</sup>

## **Lebanon and Hezbollah**

Though Syria continues to play a dominant, behind-the-scenes role in Lebanese politics, its intervention as of late has been less heavy-handed and violent, and Syria and Lebanon have established a modicum of normal bilateral relations over the last year, much to the satisfaction of key foreign actors, notably the United States, France, and Saudi Arabia. Reportedly, Syrian intervention in November 2009 helped end a five-month-long deadlock over the formation of a new Lebanese government.<sup>6</sup> Immediately thereafter, Lebanese President Michel Suleiman and Druze leader Walid Jumblatt visited Damascus, to be followed by the historic visit to Syria of Saad Hariri, the Lebanese Prime Minister and son of the late Rafiq Hairiri, the former Lebanese prime minister who many believe was murdered by Syrian agents in 2005. The improvements in Syrian-Lebanese relations are largely due to the composition of the Lebanese government, which, though it is led by the anti-Syrian March 14 coalition, provides the opposition (Christian and Shiite allies of Syria) with enough cabinet seats to exercise a constitutionally-provided veto over certain government decision making.

Iranian-backed Hezbollah, the Lebanese Shiite terrorist group/militia/political party/charitable organization, continues to serve as Syria's primary local partner in Lebanon. Israeli and other foreign governments have accused Syria of continuing to serve as conduit for Iranian weapons shipments to Hezbollah. In November 2009, Israeli forces seized a freighter named the *Francop* en route from Iran to the Syrian port of Latakia which contained, according to reports, thousands of medium-range 107- and 122-millimeter rockets, armor-piercing artillery, mortar bombs, hand grenades, and ammunition for Kalashnikov rifles.

## **Iraq**

In early 2009, many analysts believed that stabilizing Iraq may be one potential area for greater U.S.-Syrian cooperation. However, after the Iraqi government accused Syria of harboring the perpetrators of a series of deadly bombings in downtown Baghdad in August 2009, Syrian-Iraqi relations spiraled downward, placing the United States in a difficult diplomatic position. On the one hand, the Obama Administration would like to use the Iraqi-Syrian border issue as a launching pad for improved bilateral relations. On the other hand, there is pressure in U.S. policymaking circles to support Iraqi Prime Minister Nouri al Maliki's government, even if his accusations may have been politically motivated rather than factually accurate, as some believe. The Syrian-Iraqi diplomatic crisis ended a U.S. initiative to conduct a joint U.S.-Syrian assessment of the Iraqi-Syrian border. From Syria's perspective, Iraq is to blame for the lack of progress. In an interview with *New Yorker* magazine, Syrian President Asad remarked:

They [American officials] only talk about the borders; this is a very narrow-minded way. But we said yes. We said yes—and, you know, during Bush we used to say no, but when

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<sup>5</sup> Americans For Peace Now, *Middle East Peace Report*, Volume 11, Issue 18, February 16, 2010.

<sup>6</sup> "Impasse Over, Lebanon Forms Cabinet," *New York Times*, November 10, 2009.

Mitchell came [as Obama's envoy] I said O.K.... I told Mitchell by saying this is the first step and when find something positive from the American side we move to the next level.... We sent our delegation to the borders and [the Iraqis] did not come. Of course, the reason is that [Nouri] al-Maliki [the Prime Minister of Iraq] is against it. So far there is nothing, there is no cooperation about anything and even no real dialogue.<sup>7</sup>

According to the latest U.S. Department of Defense (DoD) report on Iraqi stability:

Syria continues to promote its interests in Iraq through its diplomatic presence, though relations remain cool and worsened in the aftermath of the August 19, 2009 bombings in Baghdad. Syria has not made halting foreign fighters and other destabilizing elements a priority, and GoI [Government of Iraq] diplomatic efforts to engage Syria on the foreign fighters issue have not been effective. Although Syria has detained some Al-Qaeda in Iraq [AQI], AQI facilitators and operatives and the foreign fighter flow from Syria to Iraq has decreased significantly, Syria remains the primary gateway for Iraq-bound foreign fighters.<sup>8</sup>

Until Syria determines that the benefits of an improved relationship with Iraq outweigh the costs of their alleged support for terrorist and insurgent groups, the situation may remain static despite the limited success of the Obama Administration's diplomatic efforts so far. On the other hand, it also is possible that Syrian support for Sunni terrorist activity against Iraq is less direct than Prime Minister Maliki alleges, as the Asad regime may be unwilling to jeopardize improved relations with the United States, which have come partially as a result of its previous cooperation on Iraq.

## **IAEA Investigation into Clandestine Nuclear Program**

The IAEA reported in February 2010 that uranium particles found at a Syrian desert complex bombed by Israel in 2007 point to possible Syrian covert nuclear activity.<sup>9</sup> Previous IAEA reports said only that the uranium particles raised concern because they did not come from Syria's declared inventory. Inspectors examined the bombed site in June 2008 but Syria has barred any additional access since then.

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<sup>7</sup> Seymour M. Hersh, "Direct Quotes: Bashar Assad," *The New Yorker*, February 3, 2010, available online at: [<http://www.newyorker.com/online/blogs/newsdesk/2010/02/direct-quotes-bashar-assad.html>.]

<sup>8</sup> Measuring Stability and Security in Iraq, September 2009. This was completed in November 2009 so it is actually more up to date than the cover date.

<sup>9</sup> International Atomic Energy Agency, Implementation of the NPT Safeguards Agreement in the Syrian Arab Republic, Report by Director-General to Board of Governors, GOV/2010/11, February 18, 2010. Available at: [http://www.isis-online.org/uploads/isis-reports/documents/IAEA\\_Report\\_Syria\\_18Feb2010.pdf](http://www.isis-online.org/uploads/isis-reports/documents/IAEA_Report_Syria_18Feb2010.pdf)

## Relations with Iran

Syria's historic rivalry with neighboring Iraq<sup>10</sup> created opportunities for improved Syrian relations with Iran, another natural rival of Iraq. The Syrian-Iranian alliance has always been considered a "marriage of convenience," as both countries have placed a higher value on regional strategic interests rather than shared cultural and religious affinities.<sup>11</sup> In recent years, as Syria has grown more estranged from the West, Syrian-Iranian relations have improved, and some analysts have called on U.S. policymakers to "flip" Syria and woo it away from Iran. Others assert that the foundation of the Syrian-Iranian relationship—a shared concern over a resurgent Iraq, support for Hezbollah in Lebanon, and countering Israel—is deeply rooted in the geopolitics of the region and cannot be easily overturned.

Reliable information on the extent of Iranian influence in Syria is difficult to quantify. Nevertheless, there have been several recent reports of increased Iranian investment and trade with Syria. In the financial sector, Iran has stated its intention to establish a joint Iranian-Syrian bank, possibly involving Bank Saderat and the Commercial Bank of Syria – two entities which have been sanctioned by the U.S. Treasury Department. In the manufacturing and industrial sectors, the Iran Khodro Industrial Group has established two car assembly plants in Syria. Iranian companies also have invested in concrete production, power generation, and urban transportation. In the energy sector, Syria, Iran, Venezuela and Malaysia established a joint petroleum refinery in Homs, Syria. In addition, Iran, Turkey, and Syria reached a new natural gas deal that would allow Iran to export 105 billion cubic feet of natural gas annually to Syria via Turkey. Despite increased Iranian investments, the overall volume of Iranian-Syrian trade remains low. According to the *Economist Intelligence Unit*, bilateral trade may total between just \$160 and \$400 million.<sup>12</sup> Ironically, the total volume of U.S. trade with Syria exceeds that of Iran-Syria.

## Syrian Support for Terrorist Activity

Syria was placed on the State Department's State Sponsors of Terrorism List in 1979. According to the U.S. State Department's most recent annual report on global terrorism, "The Syrian government has not been implicated directly in an act of terrorism since 1986"<sup>13</sup>, although an

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<sup>10</sup> For many years, Syria and Iraq had an uneven and often troubled relationship, stemming from political disputes, border tensions, demographic differences, and personal animosity between the two countries' late leaders: Syrian President Hafiz al Asad and Iraqi President Saddam Hussein. Moreover, the two countries were governed by rival wings of the pan-Arab Baath Party. Syria severed diplomatic relations with Iraq in 1982 after it accused Saddam Hussein's regime of inciting and supporting Syrian Muslim Brotherhood-led riots. In the late 1990s bilateral relations improved markedly, primarily in the economic sphere. The two countries formally restored relations in November 2006.

<sup>11</sup> Thousands of Iranian Shiites do visit Syria annually on pilgrimages to several famous shrines and mosques.

<sup>12</sup> "Syria economy: Iran bank deal?," *Economist Intelligence Unit*, October 14, 2008.

<sup>13</sup> Syrian intelligence was implicated in an abortive attempt to place a bomb on an El Al airliner in London in 1986. In what is now referred to as the "Hindawi Affair," the convicted Syrian operative was Nezar Hindawi, a Jordanian of Palestinian origin who gave his pregnant girlfriend a bomb (1.5 kilograms of Semtex) to take on board an El Al jet at Heathrow airport. When the plot failed, Hindawi was given refuge in the Syrian Embassy in London before turning himself in. During his trial in England, a British court concluded that Hindawi came from Damascus to London with a bogus Syrian passport identifying him as a Government official, that he traveled in the company of a Syrian airline crew, and that he had fled to the Syrian Embassy to meet with the Syrian Ambassador after the bomb plot was uncovered. In addition, Scotland Yard maintained that Hindawi had been an agent of the chief of Syrian Air Force intelligence. See, "Britain Breaks Syrian Ties; Cites Proof of Terror Role; El Al Suspect Is Convicted; U.S. Recalls (continued...)"



ongoing UN investigation into the February 2005 assassination of former Lebanese Prime Minister Rafiq Hariri continued to examine Syrian involvement.”<sup>14</sup>

Syria remains indirectly involved in terrorist activity, as the Asad regime supports terrorist proxy groups to further its foreign policy aims in the Levant region. For years, Syria has indirectly supported a number of U.S. State Department-designated Foreign Terrorist Organizations (FTOs), including Hezbollah in Lebanon and the Palestinian groups Hamas, Palestinian Islamic Jihad (PIJ), the Popular Front for the Liberation of Palestine (PLFP), and the Popular Front for the Liberation of Palestine-General Command (PFLP-GC), all of which have offices in Damascus and operate within Syria's borders. Syria admits its support for Palestinians pursuing armed struggle in Israeli occupied territories and for Hezbollah raids against Israeli forces on the Lebanese border, but insists that these actions represent legitimate resistance activity as distinguished from terrorism.

Anti-Syrian Lebanese politicians have accused Syria of sponsoring Fatah al Islam, a militant Islamic fundamentalist group that fought the Lebanese Army for three months in 2007 from inside the Palestinian refugee camp of Nahr al Bared.<sup>15</sup> On August 9, 2007, Secretary of State Rice designated Fatah al Islam as a Specially Designated Global Terrorist Organization. The designation, among other things, cuts off Fatah al Islam from the U.S. financial system, sanctions any of its property or interests in the United States, and blocks its members from entry into the United States. Fatah al Islam was believed by some to have fractured and dispersed after the siege at Nahr al Bared.

## **U.S. Sanctions**

Syria remains a U.S.-designated State Sponsor of Terrorism and is therefore subject to a number of U.S. sanctions. Moreover, in recent years, in order to compel Syrian cooperation on issues of importance to U.S. national security policy in the Middle East, the Bush Administration and Congress expanded U.S. sanctions on Syria. At present, a variety of legislative provisions and executive directives prohibit U.S. aid to Syria and restrict bilateral trade.<sup>16</sup> Principal examples follow.

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(...continued)

Envoy,” *New York Times*, October 25, 1986.

<sup>14</sup> Office of the Coordinator for Counterterrorism, *Country Reports on Terrorism*, U.S. State Department, April 30, 2008, Chapter 3 -- State Sponsors of Terrorism Overview.

<sup>15</sup> Open Source Center Document ID# GMP20081117966001, "The Daily Star: Al-Mustaqbal Publishes 'Proof' That Syria, Not Future, Helped Fatah," *The Daily Star Online*, November 17, 2008.

<sup>16</sup> Because of a number of legal restrictions and U.S. sanctions, many resulting from Syria's designation as a country supportive of international terrorism, Syria is no longer eligible to receive U.S. foreign assistance. Between 1950 and 1981, the United States provided a total of \$627.4 million in aid to Syria: \$34.0 million in development assistance, \$438.0 million in economic support, and \$155.4 million in food assistance. Most of this aid was provided during a brief warming trend in bilateral relations between 1974 and 1979. Significant projects funded under U.S. aid included water supply, irrigation, rural roads and electrification, and health and agricultural research. No aid has been provided to Syria since 1981, when the last aid programs were closed out.

## General Sanctions Applicable to Syria

*The International Security Assistance and Arms Export Control Act of 1976* [P.L. 94-329]. Section 303 of this act [90 Stat. 753-754] required termination of foreign assistance to countries that aid or abet international terrorism. This provision was incorporated into the Foreign Assistance Act of 1961 as Section 620A [22 USC 2371]. (Syria was not affected by this ban until 1979, as explained below.)

*The International Emergency Economic Powers Act of 1977* [Title II of P.L. 95-223 (codified at 50 U.S.C. § 1701 et seq.)]. Under the International Emergency Economic Powers Act (IEEPA), the President has broad powers pursuant to a declaration of a national emergency with respect to a threat “which has its source in whole or substantial part outside the United States, to the national security, foreign policy, or economy of the United States.” These powers include the ability to seize foreign assets under U.S. jurisdiction, to prohibit any transactions in foreign exchange, to prohibit payments between financial institutions involving foreign currency, and to prohibit the import or export of foreign currency.

*The Export Administration Act of 1979* [P.L. 96-72]. Section 6(i) of this act [93 Stat. 515] required the Secretary of Commerce and the Secretary of State to notify Congress before licensing export of goods or technology valued at more than \$7 million to countries determined to have supported acts of international terrorism. (Amendments adopted in 1985 and 1986 re-lettered Section 6(i) as 6(j) and lowered the threshold for notification from \$7 million to \$1 million.)

A by-product of these two laws was the so-called state sponsors of terrorism list. This list is prepared annually by the State Department in accordance with Section 6(j) of the Export Administration Act. The list identifies those countries that repeatedly have provided support for acts of international terrorism. Syria has appeared on this list ever since it was first prepared in 1979; it appears most recently in the State Department’s annual publication *Country Reports on Terrorism, 2005*, published on April 28, 2006. Syria’s inclusion on this list in 1979 triggered the above-mentioned aid sanctions under P.L. 94-329 and trade restrictions under P.L. 96-72.

*Omnibus Diplomatic Security and Antiterrorism Act of 1986* [P.L. 99-399]. Section 509(a) of this act [100 Stat. 853] amended Section 40 of the Arms Export Control Act to prohibit export of items on the munitions list to countries determined to be supportive of international terrorism, thus banning any U.S. military equipment sales to Syria. (This ban was reaffirmed by the Anti-Terrorism and Arms Export Amendments Act of 1989—see below.) Also, 10 U.S.C. 2249a bans obligation of U.S. Defense Department funds for assistance to countries on the terrorism list.

*Omnibus Budget Reconciliation Act of 1986* [P.L. 99-509]. Section 8041(a) of this act [100 Stat. 1962] amended the Internal Revenue Code of 1954 to deny foreign tax credits on income or war profits from countries identified by the Secretary of State as supporting international terrorism. [26 USC 901].

*The Anti-Terrorism and Arms Export Control Amendments Act of 1989* [P.L. 101-222]. Section 4 amended Section 6(j) of the Export Administration Act to impose a congressional notification and licensing requirement for export of goods or technology, irrespective of dollar value, to countries on the terrorism list, if such exports could contribute to their military capability or enhance their ability to support terrorism.

Section 4 also prescribed conditions for removing a country from the terrorism list: prior notification by the President to the Speaker of the House of Representatives and the chairmen of two specified committees of the Senate. In conjunction with the requisite notification, the President must certify that the country has met several conditions that clearly indicate it is no longer involved in supporting terrorist activity. (In some cases, certification must be provided 45 days in advance of removal of a country from the terrorist list).

*The Anti-Economic Discrimination Act of 1994* [Part C, P.L. 103-236, the Foreign Relations Authorization Act, FY1994-1995]. Section 564(a) bans the sale or lease of U.S. defense articles and services to any country that questions U.S. firms about their compliance with the Arab boycott of Israel. Section 564(b) contains provisions for a presidential waiver, but no such waiver has been exercised in Syria's case. Again, this provision is moot in Syria's case because of other prohibitions already in effect.

*The Antiterrorism and Effective Death Penalty Act of 1996* [P.L. 104-132]. This act requires the President to withhold aid to third countries that provide assistance (Section 325) or lethal military equipment (Section 326) to countries on the terrorism list, but allows the President to waive this provision on grounds of national interest. A similar provision banning aid to third countries that sell lethal equipment to countries on the terrorism list is contained in Section 549 of the Foreign Operations Appropriations Act for FY2001 (H.R. 5526, passed by reference in H.R. 4811, which was signed by President Clinton as P.L. 106-429 on November 6, 2000).

Also, Section 321 of P.L. 104-132 makes it a criminal offense for U.S. persons (citizens or resident aliens) to engage in financial transactions with governments of countries on the terrorism list, except as provided in regulations issued by the Department of the Treasury in consultation with the Secretary of State. In the case of Syria, the implementing regulation prohibits such transactions "with respect to which the United States person knows or has reasonable cause to believe that the financial transaction poses a risk of furthering terrorist acts in the United States." (31 CFR 596, published in the *Federal Register* August 23, 1996, p. 43462.) In the fall of 1996, the then Chairman of the House International Relations Committee reportedly protested to then President Clinton over the Treasury Department's implementing regulation, which he described as a "special loophole" for Syria. Since then, several measures have been introduced in previous Congresses to forbid virtually all financial transactions with Syria but none were enacted.

Section 531 of the Consolidated Appropriations Resolution, 2003 (P.L. 108-7) bans aid to countries not in compliance with U.N. Security Council sanctions against Iraq. This ban would be applicable to exports of Iraqi oil through Syria or to reported shipments of military equipment via Syria to Iraq; however, it may be moot following the collapse of Saddam Hussein's regime in Iraq.

## **Specific Sanctions Against Syria**

In addition to the general sanctions listed above, specific provisions in foreign assistance appropriations enacted since 1981 have barred Syria by name from receiving U.S. aid. The most recent ban appears in Section 7007 of H.R. 1105, the Omnibus Appropriations bill, FY2009. Section 307 of the Foreign Assistance Act of 1961, amended by Section 431 of the Foreign Relations Authorization Act for FY1994-1995 (P.L. 103-236, April 30, 1994), requires the United States to withhold a proportionate share of contributions to international organizations for programs that benefit eight specified countries or entities, including Syria.

The Iran Nonproliferation Act of 2000, P.L. 106-178, was amended by P.L. 109-112 to make its provisions applicable to Syria as well as Iran. The amended act, known as the Iran and Syria Nonproliferation Act, requires the President to submit semi-annual reports to designated congressional committees, identifying any persons involved in arms transfers *to or from* Iran or Syria; also, the act authorizes the President to impose various sanctions against such individuals.

### **The 2003 Syria Accountability Act**

On December 12, 2003, President Bush signed H.R. 1828, the Syria Accountability and Lebanese Sovereignty Restoration Act, as P.L. 108-175. H.R. 1828 was passed by the House on October 15, 2003, and the Senate on November 11, 2003. (The House agreed to a Senate amendment expanding the President's waiver authority on November 20). This act requires the President to impose penalties on Syria unless it ceases support for international terrorist groups, ends its occupation of Lebanon, ceases the development of weapons of mass destruction (WMD), and has ceased supporting or facilitating terrorist activity in Iraq (Section 5(a) and 5(d)). Sanctions include bans on the export of military items (already banned under other legislation) and of dual use items (items with both civil and military applications) to Syria (Section 5(a)(1)). In addition, the President is required to impose two or more sanctions from a menu of six:

- a ban on all exports to Syria except food and medicine;
- a ban on U.S. businesses operating or investing in Syria;
- a ban on landing in or overflight of the United States by Syrian aircraft;
- reduction of diplomatic contacts with Syria;
- restrictions on travel by Syrian diplomats in the United States; and
- blocking of transactions in Syrian property (Section 5(a)(2)).

### ***Implementation***

On May 11, 2004, President Bush issued Executive Order 13338, implementing the provisions of P.L. 108-175, including the bans on munitions and dual use items (Section 5(a)(1)) and two sanctions from the menu of six listed in Section 5(a)(2). The two sanctions he chose were the ban on exports to Syria other than food and medicine (Section 5(a)(2)(A) and the ban on Syrian aircraft landing in or overflying the United States (Section 5(a)(2)(D)). In issuing his executive order, the President stated that Syria has failed to take significant, concrete steps to address the concerns that led to the enactment of the Syria Accountability Act. The President also imposed two additional sanctions based on other legislation.

- Under Section 311 of the USA PATRIOT Act, he instructed the Treasury Department to prepare a rule requiring U.S. financial institutions to sever correspondent accounts with the Commercial Bank of Syria because of money laundering concerns.
- Under the International Emergency Economic Powers Act (IEEPA), he issued instructions to freeze assets of certain Syrian individuals and government entities involved in supporting policies inimical to the United States.

## **Waivers**

In the executive order and in an accompanying letter to Congress, President Bush cited the waiver authority contained in Section 5(b) of the Syria Accountability Act and stated that he wished to issue the following waivers on grounds of national security:

- Regarding Section 5(a)(1) and 5(a)(2)(A): The following exports are permitted: products in support of activities of the U.S. government; medicines otherwise banned because of potential dual use; aircraft parts necessary for flight safety; informational materials; telecommunications equipment to promote free flow of information; certain software and technology; products in support of U.N. operations; and certain exports of a temporary nature.<sup>17</sup>
- Regarding Section 5(a)(2)(D): The following operations are permitted: takeoff/landing of Syrian aircraft chartered to transport Syrian officials on official business to the United States; takeoff/landing for non-traffic and non-scheduled stops; takeoff/landing associated with an emergency; and overflights of U.S. territory.

## **Targeted Financial Sanctions**

Since the initial implementation of the Syria Accountability Act (in Executive Order 13338 dated May 2004), the President has repeatedly taken action to sanction individual members of the Asad regime's inner circle.<sup>18</sup> E.O. 13338 declared a national emergency with respect to Syria and authorized the Secretary of the Treasury to block the property of individual Syrians. Based on section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)), the President has annually extended his authority to block the property of individual Syrians (first on May 5, 2005, then again on April 25, 2006, and lastly on May 8, 2007). When issuing each extension, the President has noted that the actions and policies of the government of Syria continued to pose an unusual and extraordinary threat.

The following individuals and entities have been targeted by the U.S. Treasury Department:

- On June 30, 2005, the U.S. Treasury Department designated two senior Syrian officials involved in Lebanon affairs, Syria's then-Interior Minister and its head of military intelligence in Lebanon (respectively, the late General Kanaan and General Ghazali), as Specially Designated Nationals, thereby freezing any assets they may have in the United States and banning any U.S. persons, including U.S. financial institutions outside of the United States, from conducting transactions

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<sup>17</sup> According to U.S. regulations, any product that contains more than 10% U.S.-origin content, regardless of where it is made, is not allowed to be exported to Syria. For U.S. commercial licensing prohibitions on exports and re-exports to Syria, see 15 C.F.R. pt. 736 Supp No. 1.

<sup>18</sup> According to the original text of E.O. 13338, the President's authority to declare a national emergency authorizing the blocking of property of certain persons and prohibiting the exportation or re-exportation of certain goods to Syria is based on "The Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 et seq.) (NEA), the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003, P.L. 108-175 (SAA), and section 301 of title 3, United States Code." Available online at <http://www.treas.gov/offices/enforcement/ofac/legal/eo/13338.pdf>.



- with them.<sup>19</sup> Kanaan allegedly committed suicide in October 2005, though some have speculated that he may have been murdered.
- On January 18, 2006, U.S. Treasury Department took the same actions against the President's brother-in-law, Assef Shawkat, chief of military intelligence.
  - On August 15, 2006, the U.S. Treasury Department froze assets of two other senior Syrian officers: Major General Hisham Ikhtiyar, for allegedly contributing to Syria's support of foreign terrorist organizations including Hezbollah; and Brigadier General Jama'a Jama'a, for allegedly playing a central part in Syria's intelligence operations in Lebanon during the Syrian occupation.<sup>20</sup>
  - On January 4, 2007, the U.S. Treasury Department designated three Syrian entities, the Syrian Higher Institute of Applied Science and Technology, the Electronics Institute, and the National Standards and Calibration Laboratory, as weapons proliferators under an executive order (E.O.13382) based on the authority vested to the President under IEEPA. The three state-sponsored institutions are divisions of Syria's Scientific Studies and Research Center, which was designated by President Bush as a weapons proliferator in June 2005 for research on the development of biological and chemical weapons.<sup>21</sup>
  - On August 1, 2007, the President issued E.O. 13441 blocking the property of persons undermining the sovereignty of Lebanon or its democratic processes and institutions. On November 5, 2007, the U.S. Treasury Department designated four individuals reportedly affiliated with the Syrian regime's efforts to reassert Syrian control over the Lebanese political system, including Assaad Halim Hardan, Wi'am Wahhab and Hafiz Makhlef (under the authority of E.O.13441) and Muhammad Nasif Khayrbik (under the authority of E.O.1338).<sup>22</sup>
  - On February 13, 2008, President Bush issued another Order (E.O.13460) blocking the property of senior Syrian officials. According to the U.S. Treasury Department, the order "targets individuals and entities determined to be responsible for or who have benefitted from the public corruption of senior officials of the Syrian regime. The order also revises a provision in Executive Order 13338 to block the property of Syrian officials who have undermined U.S. and international efforts to stabilize Iraq."<sup>23</sup> One week later, under the authority of E.O.13460, the U.S. Treasury Department froze the U.S. assets and restricted the financial transactions of Rami Makhlef, the 38 year-old cousin of President Bashar al Assad. Makhlef is a powerful Syrian businessman who serves as an interlocutor between foreign investors and Syrian companies. According to one report, "Since a military coup in 1969, the Asads have controlled politics while the Makhlefs have been big business players. The tradition continues in the next generation, with Bashar al-Assad (sic) as president and Rami Makhlef as a

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<sup>19</sup> See, <http://www.treas.gov/press/releases/js2617.htm>.

<sup>20</sup> See, <http://www.treas.gov/press/releases/hp60.htm>.

<sup>21</sup> See, <http://www.treas.gov/press/releases/hp216.htm>.

<sup>22</sup> See, <http://www.treas.gov/press/releases/hp666.htm>.

<sup>23</sup> A previous executive order, E.O. 13315, blocks property of former Iraqi President Saddam Hussein and members of his former regime. On June 9, 2005, the Treasury Department blocked property and interests of a Syrian company, SES International Corp., and two of its officials under the authority of E.O.13315.

leading force in business.”<sup>24</sup> Makhluḥ is a major stakeholder in Syriatel, the country’s largest mobile phone operator. In 2008, the Turkish company Turkcell was in talks to purchase Syriatel, but according to *Reuters*, negotiations over the sale were taking longer than expected because some Turkcell executives have U.S. passports.<sup>25</sup> Then, in August 2008, Turkcell said it had frozen its plans for a venture in Syria amid U.S. opposition to the project. Makhluḥ’s holding company, Cham, is involved in several other large deals, including an agreement with Syria’s state airline and a Kuwaiti company to set up a new airline. Several months ago, Dubai-based real-estate company Emaar Properties announced it had agreed to set up a \$100 million venture with Cham to develop real estate projects in Syria. Makhluḥ also is a minority shareholder in Gulfsands Petroleum,<sup>26</sup> a publicly-traded, United Kingdom-incorporated energy company. According to the *Wall Street Journal*, a Gulfsands executive said the Treasury Department’s sanctioning of Makhluḥ would have no impact on the company pursuing its partnership with Cham.<sup>27</sup>

### **Effect of U.S. Sanctions on Syria’s Economy**

The Syria Accountability and Lebanese Sovereignty Restoration Act of 2003 (P.L. 108-175) and successive targeted financial sanctions have clearly dissuaded some U.S. and some foreign businesses from investing in Syria. According to one report, General Electric, the French power company Alstom, and Japanese-owned Mitsubishi all declined to bid on a Syrian government contract for the construction of power plants.<sup>28</sup> As mentioned above, Turkcell withdrew its bid to purchase Syriatel in August 2008 after the United States sanctioned Syriatel’s primary stakeholder, Rami Makhluḥ. U.S. sanctions under the Patriot Act against the Commercial Bank of Syria have deterred private Western banks from opening branches inside Syria. As Syria’s energy production levels decline, sanctions have prevented major Western energy companies from making new investments there, though other foreign companies have supplanted U.S. firms. One company, Gulfsands Petroleum, moved its principle office to London in order to circumvent U.S. sanctions against its local partner, Rami Makhluḥ. With the exception of certain specified goods, most U.S. exports to Syria are prohibited, a policy that has prevented the country’s national air carrier, Syrian Arab Airlines, both from repairing the few Boeing planes in its fleet and from procuring new planes from Europe, since Airbus uses certain American content in its planes (see footnote #17). Reportedly, the United States recently rejected an Airbus request to sell new planes to Syria.<sup>29</sup>

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<sup>24</sup> “Sanctions on Businessman Target Syria’s Inner Sanctum,” *Washington Post*, February 22, 2008.

<sup>25</sup> “Turkcell Continues Talks on Syriatel Stake,” *Reuters*, April 14, 2008.

<sup>26</sup> Gulfsands’ chief executive and largest shareholder, John Dorrier, is an American citizen, and the company has offices in Houston.

<sup>27</sup> “Syrian Tycoon Bristles At US Sanctions Against Him,” the *Wall Street Journal*, March 26, 2008.

<sup>28</sup> “Tired of Energy Ills, Syrians Doubt the West Is to Blame,” *New York Times*, August 15, 2007.

<sup>29</sup> “US prohibited Airbus selling planes to Syria: Damascus,” *Agence France Presse*, December 29, 2009.

**Table I. U.S.-Syrian Trade Statistics 2005-2009**

(\$ in millions)

	2005	2006	2007	2008	2009
U.S. Exports to Syria	\$155.0	\$224.3	\$361.4	\$408.8	\$300.0
U.S. Imports from Syria	\$323.5	\$213.7	\$110.5	\$352.0	\$285.9
Totals	\$478.5	\$438.0	\$471.9	\$760.8	\$585.9

**Source:** TradeStats Express – National Trade Data, Presented by the Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce.

### *Syria's Need for Economic Growth*

Syria is seeking aid, trade, and foreign investment from the international community, particularly the West, to boost its lackluster, mostly state-controlled economy, which is highly dependent on dwindling oil production and foreign remittances. To date, the government has enacted some reforms, such as liberalizing the financial sector, reducing fuel subsidies, opening a stock exchange, and cutting some import tariffs. Nevertheless, President Asad has yet to tackle the most difficult reforms, such as reducing the government payroll, combating elite corruption such as fuel smuggling, liberalizing other sectors of the economy and breaking up family-run business monopolies, halting tax evasion, modernizing the bureaucracy, and increasing overall economic transparency. Some observers believe that the regime cannot act boldly in the economic sphere due to the political backlash and possible unrest it would face from many different parts of Syrian society. Economic reforms may clash with the vested, status quo interests of Syrian business and political elites with ties to the Asad family. Others suggest that the opaque nature of Syria's authoritarian government inhibits the natural development of a transparent market economy that is attractive to foreign capital.

Although Syria has attracted more foreign investment from China, Gulf Arab countries, Iran, and Turkey lately, Syria also is responsible for the lack of strong economic ties to the West. After years of stalled negotiations, the European Union finally ratified its Association Agreement with Syria in 2009, only to see Syria refuse to sign the accord at the last minute. The deal, which would loosen trade bilateral trade restrictions and increase the flow of European aid to Syria, raised concern among Syrian business elites due to fear of increased European competition in the agricultural and manufacturing sectors.

## **Internal Political Scene**

The death of Syrian President Hafiz al Asad on June 10, 2000, removed one of the longest-serving heads of state in the Middle East and a key figure in regional affairs. Hardworking, ascetic, and usually cautious, the late President exercised uncontested authority through his personal prestige, his control of the armed forces and other centers of power, and his success in exploiting regional developments to Syria's advantage. President Bashar al Asad, who succeeded his father in 2000 in a smooth transfer of power, inherited a ready-made politico-military apparatus his father helped build. Although Bashar is generally considered to be less ruthless and calculating than his father, he has essentially sought to preserve the status quo and, above all else, maintain regime stability.



### **Key Members of the Asad Family**

**Bashar al Asad** - The 41-year old President of Syria is married to Asma' al Akhras, a British-born Syrian Sunni Muslim and formerly an investment banker at J.P. Morgan.

**Maher al Asad** - The younger brother of Bashar, he heads the Presidential Guard and other military agencies.

**Bushra al Asad & Assef Shawkat** - Bushra is the older sister of Bashar, and she is rumored to be a key decision-maker. Her husband, Assef Shawkat, is head of military intelligence and part of the President's inner circle.

## **Pillars of the Regime**

### **The Alawite Sect**

The Alawite religious sect, which evolved from the Shi'ite sect of Islam, constitutes approximately 12% of the Syrian population. Formerly the most economically deprived and socially disadvantaged group in Syria, the Alawites rose rapidly in the ranks of the military establishment and the ruling Ba'th Party in the 1960s and have dominated political life in Syria since then. The Alawite community as a whole, and the Asad family in particular, constituted an important power base for the late President Hafiz al Asad and at least for the time being have rallied behind his son and successor. Though committed to maintaining the primacy of the Alawite community, the Asads have sought with some success to coopt support from other sects; many senior positions, including that of prime minister, are ordinarily held by members of the Sunni Muslim majority. However, most key positions, particularly in the security institutions, remain in Alawite hands, and some observers believe that any weakening of the central regime or an outbreak of political turmoil could precipitate a power struggle between entrenched Alawites and the majority Sunni Muslims, who comprise over 70% of the population.

### **The Ba'th Party**

The socialist, pan-Arab Ba'th Party, whose rival wing governed Iraq before the collapse of Saddam Hussein's regime, came to power in Syria in 1963. Although the Syrian constitution specifies a leading role for the Ba'th Party and the party provides the regime with political legitimacy, the Ba'th is more an instrument for the execution of policy than an originator of policy. Many Ba'thists are not Alawites, but there is a complex synergistic relationship between the party and the community. Still, barring a major governmental change, a Syrian leader would need to enjoy the support of the Ba'th Party apparatus. The party's top decision-making body, known as the "Regional Command," sits at the top of Syria's policy-making process, and membership in this body is a stepping stone to top positions in Syria. In June 2000, when senior Syrian officials were orchestrating the succession of Bashar al Asad to the presidency after the death of his father, one of their first steps was to arrange for Bashar to be elected Secretary General of the Regional Command, replacing his late father.

### **The Military and Security Establishment**

The role of the armed forces and national security services has figured prominently in most Syrian regimes and predates by some years the establishment of the Ba'thist regime. Factionalism within the armed forces was a key cause of instability in Syria in the past, as military cliques jockeyed for power and secured and toppled governments with considerable frequency. This situation changed abruptly after 1970 as the elder Asad gained a position of unquestioned

supremacy over the military and security forces. The late president appointed long-standing supporters, particularly from his Alawite sect, to key military command positions and sensitive intelligence posts, thereby creating a military elite that could be relied upon to help maintain the Asad regime in power. According to one Syria expert, “Within the military, Bashar has replicated the patron-client relationship wielded so effectively by his father. Despite repeated rumors about tension within the Assad family, there is no evidence that any rival—most notably Asaf Shawkat, Bashar’s brother-in-law and the head of the *Shu’bat al-Mukhabarat al-’Askariyya* (military security department), or Bashar’s younger brother Mahir, an officer in a Republican Guards division—has sufficient power to challenge his rule.”<sup>30</sup>

## The Syrian Opposition

### The Syrian Muslim Brotherhood

Over the last half-century, political Islamist groups have risen to challenge entrenched Middle Eastern monarchical and authoritarian regimes, a process which culminated in the 1979 overthrow of the Shah of Iran. Since then, U.S. policymakers have been concerned that secular Arab dictatorships like Syria would face rising opposition from Islamist groups seeking their overthrow. Although Syria faced violent challenges from such groups during the decades of the 1970s and 1980s, the Syrian security state has by and large succeeded in eliminating any organized political opposition, including Islamists. Once considered the most imminent threat to Syrian stability, the Syrian Muslim Brotherhood, formerly the largest Islamist opposition group,<sup>31</sup> has been largely in exile since its crushing defeat at the hands of the Asad regime in 1982, when Syrian forces attacked the Brotherhood’s stronghold in the city of Hama and killed approximately 10,000 people. Since then, the government has attempted to coopt the forces of political Islam by continuing to outlaw the Muslim Brotherhood and keep its activists in prison, while promoting Islam as a social force for national unification.<sup>32</sup> Over the past twenty years, the Syrian government has financed the construction of new mosques, aired more Islamic programming on state television, loosened restrictions on public religious celebrations and weddings, and monitored the sermons of clerics, many of whom are on the state’s payroll. At the same time, the Syrian government, like other dictatorships in the region, has used the threat of “homegrown” Islamist violence in order to justify one-party rule and has frequently exaggerated its threat in order to bolster its own appeal to Western governments. Syria has received some favorable attention for its reported cooperation with U.S. intelligence agencies in detaining and tracking Al Qaeda operatives in the Middle East and in Europe, although some U.S. officials have discounted these contributions.

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<sup>30</sup> Eyal Zisser, “Where Is Bashar al-Assad Heading?” *Middle East Quarterly*, Winter 2008.

<sup>31</sup> The Syrian Muslim Brotherhood, an off-shoot of its larger Egyptian counterpart, has been banned in Syria since 1958, and according to a 1980 law (Emergency Law #49), known membership in the group is punishable by execution. See, Ghada Hashem Telhami, “Syria: Islam, Arab Nationalism and the Military,” *Middle East Policy*, Vol. 8, Iss. 4; December 2001.

<sup>32</sup> See International Crisis Group (ICG), “Syria Under Bashar (II): Domestic Policy Challenges,” *ICG Middle East Report #24*, February 2004.

## The Damascus Declaration

In 2005, a group of 274 civil society activists, reformers, communists, Kurdish rights advocates, Islamists, and intellectuals signed the Damascus Declaration, a document calling for the Syrian government to end the decades-old state of emergency and allow greater freedom of speech. Soon thereafter, many of these same signatories crafted the National Council of the Damascus Declaration, a quasi-political party that has since met periodically to push for political reform inside Syria. However, many observers suggest that the Damascus Declaration lacks a popular base of support amongst the Syrian people and remains an elite-dominated organization.<sup>33</sup> Between 2006 and 2008, authorities arrested a number of high profile activists, many of whom remain imprisoned. According to Human Rights Watch, these activists include Riad al Seif, 61, a former member of parliament suffering from prostate cancer, Dr. Kamal Labwani, a physician, and Michel Kilo and Mahmoud Issa, detainees who have still not been released despite the decision of the Syrian Court of Cassation to overturn their sentences.<sup>34</sup> In a recent interview, President Asad rejected criticisms of his government's human rights record stating that "We don't allow anyone to make or internal issues a matter for relations. Europeans and Americans supported the occupation of Iraq. Talking about values has no credibility any more. And after what happened in Gaza they have no right (to criticize us) at all."<sup>35</sup>

## Syrian Dissidents, Exiles, and Defectors Abroad

Although it is difficult for opposition activists to organize inside Syria, an array of dissident groups freely operate abroad, particularly in Western Europe. In March 2006, former Syrian Vice-President Abd al Halim Khaddam and Sadr al Din al Bayanuni, the London-based leader of Syrian Muslim Brotherhood, formed The National Salvation Front (NSF), a coalition of secular and Islamist opposition activists based primarily outside of Syria. The NSF, which attempts to bridge the gap between religious and secular Syrians, is non-sectarian though its membership appears to be mostly Sunni. It has called for the peaceful removal of the Asad regime without outside intervention, though some analysts doubt that the NSF will be able to make inroads within Syrian society due to the regime's effective security apparatus. Syrian authorities have prevented many dissidents from leaving Syria. Reportedly, the NSF held regular meetings with Bush Administration officials from the State Department and National Security Council in order to discuss ways of promoting democracy in Syria.<sup>36</sup>

## Future Prospects

For the foreseeable future, most analysts agree that relations between the United States and Syria will remain static, as neither government has shown interest in fundamentally altering policies opposed by the other side. Though Syria wants the Obama Administration to unilaterally lift sanctions, U.S. policymakers may be holding out for real changes in Syrian regime behavior, such

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<sup>33</sup> Joe Macaron, "Syria: The Opposition and its Troubled Relationship with Washington," *Arab Reform Bulletin*, February 2008, Volume 6, Issue 1, published by the Carnegie Endowment for International Peace.

<sup>34</sup> Others included the group's leader and only woman Fidaa Horani (the daughter of Akram Horani, one of the founders of Syria's Baath Party), and writers Ali Abdullah and Akram Bunni.

<sup>35</sup> "Syria's Strongman ready to woo Obama with both Fists Unclenched," *The Guardian (UK)*, February 17, 2009.

<sup>36</sup> "Unlikely Allies: To Check Syria, U.S. Explores Bond With Muslim Brothers," *Wall Street Journal*, July 25, 2007.

as cutting or downgrading ties to Iran, Hamas, or Hezbollah. Syria feels that by normalizing relations with Lebanon, it has already acceded to previous U.S. demands. Syria appears reluctant to make further changes without a clear indication of the benefits it would accrue from major shifts in its foreign policy. From the U.S. standpoint, Syria is far down the list of current foreign policy priorities and, with a right-wing Israeli government which has appeared uneager to pursue a bilateral peace track, there is little to be gained from additional substantive engagement other than a return to normal diplomatic relations.

By May 2010, the Obama Administration must renew the annual declaration of a National Emergency with respect to Syria (as called for in the National Emergencies Act) in order to maintain certain targeted financial sanctions against Syria. The Administration may use the occasion to loosen sanctions or leave them unaltered.

In a symbolic move designed to show Western audiences its solidarity with anti-Israel forces, Syrian President Asad held a joint press conference in late February 2010 with Iranian President Mahmoud Ahmadinejad in which both leaders criticized U.S. policy in the Middle East. They then followed their meeting by hosting Hezbollah Secretary General Hassan Nasrallah in Damascus.

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