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THE CAESAR SYRIA CIVILIAN PROTECTION ACT AND THE UNITED ARAB EMIRATES



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Introduction

Unlike the other sanctions introduced against the Assad regime during the civil war, the Caesar Syria Protection Act, which was adopted by the US Congress in December 2019 and came into effect on 17 June 2020, targets regime-supporter individuals, organizations and countries.¹ This aspect of the act has a great potential for affecting various countries which seek to normalize relations and cooperate with the regime such as Russia and Iran. The Caesar Act also serves Donald Trump's policy of maximum pressure on Iran by targeting Iran's partners and proxies in the region such as Hezbollah. In the scope of the Caesar Act, "making contracts about reconstruction in the territories controlled by the Syrian regime and its allies" would result in sanctions for individuals or organizations.

At this point, the United Arab Emirates (UAE) is regarded as one of the countries which is likely to be negatively affected by the act. The US sanctions had a restricting effect on the diplomatic and economic steps taken by the UAE for the purpose of normalizing relations with the Damascus administration. Even though the first wave of the Caesar Act does not bring about direct sanctions for the UAE, it is likely to levy new sanctions on the UAE in the future.

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The UAE's Initiatives for Normalizing Relations with the Damascus Administration

Having gained a significant advantage in the civil war with the financial and military support of Russia and Iran, the Damascus administration seeks to take steps aimed at normalizing relations with the Arab world. The UAE saw an opportunity when the US forsook the policy of "Syria without Assad" and decided to act upon it by forging good relations with the Damascus administration. The first steps were taken when Anwar Gargash, the UAE Minister of State for Foreign Affairs, praised Russia's moves in Syria in 2015. Anwar Gargash stated in 2018 that the Syrian civil war is a "struggle between the Assad regime and the Islamic extremism" and criticized the removal of Syria from the Arab League.² As the first major step toward normalizing relations, the UAE reopened its embassy in Damascus in December 2018 which it had shut down in February 2012.³ The UAE has implemented the strategy of keeping the Assad regime away from Iranian influence by luring the Assad regime with the 'Arab card'. The Syria policy of the UAE was not limited to 'hostility against Iran' and has acquired an 'anti-Turkey' character through supporting the YPG/PKK and the Assad regime. Nonetheless, James Jeffrey, the United States Special Representative for Syria Engagement, stated that the US is against any initiative by states to reopen their embassies in Damascus and the UAE is aware of that.⁴

Having reinstated its embassy in Damascus, the Abu Dhabi administration received a Syrian delegation in January 2019, led by Muhammad Hamsho, a prominent Syrian businessman. The delegation also included pro-regime busi-

The UAE has implemented the strategy of keeping the Assad regime away from Iranian influence by luring the Assad regime with the ‘Arab card.’

nessmen such as Wasim Qattan, Fares Shababi, Samir Dabs. The talks focused on potential cooperation in the fields of commerce, infrastructure, agriculture, tourism, logistics and renewable energy. Anwar Gargash made a statement about the talks mentioning that “the UAE cannot start investing in Syria unless a political process is launched.”⁵ Afterwards, Abdulhakim Naimi, the Emirati charge d’affaires in Syria praised “the wise leadership of Bashar al Assad” in December 2019 and stated that the UAE-Syria relations are “solid, significant and strong”. In response, Faisal Miqdat, the deputy Foreign Minister of Syria stated that “the UAE stands beside Syria in the war against terrorism”. Besides reopening the embassy, the UAE sent commercial delegations and continued to provide economic support in the context of its initiative to normalize relations. It was also invited to the 61st Damascus International Fair, where it has participated strongly with twenty-six companies and forty-two businessmen, despite the warnings by

the US.⁶ While the majority of the businessmen were the representatives of the UAE Chamber of Commerce, the presence of construction firms such as Arabtec drew attention. The Emirati investors showed interest in the sectors of agriculture, construction, tourism, food processing, mining, electricity, renewable energy, cotton and textiles. This is because these sectors present important opportunities for the UAE investors. During the fair, some investors revealed their intentions about investing on arable land and exporting the product. The majority of the Emirati investors in the Damascus International Fair were from the companies which worked in the food processing sector. The participation of the Emirati companies in the fair can be interpreted as a clear sign that the UAE wants to take a role in the reconstruction of Syria.

Six out of the seven emirates (Abu Dhabi, Ajman, Fujairah, Sharjah, Ras al-Khaimah and Umm al-Quwain) were represented in the 61st Damascus International Fair through private firms. When the Emirati firms’ participation was confirmed one day before the fair on 27 August 2019, the Damascus Embassy of the US issued a warning that any side that engages in business with Assad and his partners might be targeted by the US sanctions. This warning was issued for the companies from the UAE, Malaysia and Spain rather than those who cooperate with the Assad regime since the beginning of the civil war. Hence, James Jeffrey, the United States Special Representative for Syria Engagement, remarked in his statement on 18 June 2020 about the Caesar Syria Civilian Protection Act, the diplomatic and economic rapprochement between the UAE and Syria, and underlined that the UAE might be targeted by sanctions.



“ Besides reopening the embassy, the UAE sent commercial delegations and continued to provide economic support in the context of its initiative to normalize relations. ”

The crowning moment of the developing economic and commercial relations between the UAE and the Damascus regime took place on 27 March 2020. Mohammed Bin Zayed al Nahyan had a phone call with Bashar al-Assad and both al-Nahyan on his social media accounts and the Syrian official news agency SANA made statements about the call.⁷ Al Nahyan stated that the call was made on the occasion of the Covid-19 pandemic and remarked that the UAE stands ready to aid the Damascus administration under any circumstances.

A short while after the phone call by al Nahyan and al Assad, an exclusive news article by Middle East Eye, the London based news website, claimed that the story behind the call is different and the Covid-19 pandemic subject was utilized to misdirect the public's attention. The article also stated that competition against Turkey is the reason for the UAE's rapprochement with al-Assad. According to this claim, the UAE started looking for different approaches after the Government of National Accord in Libya made gains with Turkey's military and technological support against the forces of Khalifa Haftar supported by the UAE. It is claimed that the UAE seeks to wear down Turkey in Syria and make the war in Syria costly for Turkey in order to gain advantage in Libya. Several days before the

Turkish-Russian agreement on 5 March 2020, Ali al-Shamsi, who is the National Security Advisor and an aide to Tahnoun bin Zayed, brother of Mohammad bin Zayed al-Nahyan went to Damascus to meet with al-Assad. It is claimed that the UAE asked al-Assad to prevent the Moscow Agreement and to launch a new assault in Idlib. In return, the Emirati side offered 3 billion dollars to al-Assad and, according to open sources, the first payment of 250 million dollars was already paid.⁸ The Kremlin was aware of the plans of al-Nahyan who urged al-Assad to attack Idlib even after the Moscow agreement was signed, and sent Defence Minister Shoigu to Damascus on 23 March 2020.⁹ Despite Russia's warnings to Assad not to launch an operation against Idlib, al-Nahyan did not give up insisting and called Assad on 27 March 2020, a few days after Shoigu's visit, to renew his offers.

Another interesting detail about the call between al-Nahyan and Assad on 27 March 2020 is that the UAE did not want the US to learn about its dealings. That is because, if the US learns about the money that was transferred to Assad, the UAE might be targeted by the US sanctions. When al-Nahyan informed the public about the phone call with al-Assad, he sought to legitimize the transfer of 250 million dollars and the payment on the conditions that al-Assad launches an operation, on the grounds of the Covid-19 pandemic. The UAE is not intimidated by the ongoing US sanctions against the Assad regime. Yet, the new sanctions introduced by the Caesar Syria Civilian Protection Act in June 2020 is worrisome for the UAE. Therefore, it is likely that it sought to conceal its financial aid to Assad. James Jeffrey's statements on 18 June 2020 reinforces the inference with regard to that.

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The relations with the UAE with the Damascus administration go beyond diplomatic and economic initiatives. In addition to this, there are reports that the UAE provides military support to the Syrian regime. Some Emirati companies have supplied the air and land forces of the Syrian regime with much needed fuel. The Dubai-based company of 'Yona Star' is disguised as a logistics company through its Damascus office and has been working as a transport firm and supplied critical military equipment for the Syrian Air Forces, the Syrian Air Intelligence Service, the Syrian Army Logistics Department and the Center for the Scientific Research and Studies, which is the department of the regime that develops biological and chemical weapons. The company was blacklisted in July 2016 by the USA on the grounds that it breached the arms embargo on the Damascus administration. According to the research by the France-based news website Orient XXI, the UAE provided intelligence officers of the Syrian regime with training that lasted 2-12 months and trained 31 officers and 8 civilian communication engineers.¹⁰ Therefore, one can say that the normalization between Abu Dhabi and Damascus encompasses military cooperation as well.

The Emirati support to the Syrian regime can be explained in three different ways. The

first reason is the Emirati concern that Islamists in the region will be boosted if the Assad regime falls. Nikolai Patrushev, Director of the Russian Federal Security Service, met with Emirati officials and confirmed their common position about counterterrorism operations against Islamist extremists. The second reason is that the support to Syria would prevent total Iranian influence. The third reason is the displeasure of the UAE and the regime about Turkey's military engagement in the north of the country and the UAE's regional competition with Turkey. Nevertheless, Abdulkhaleq Abdullah, a prominent political scientist from the UAE that is thought to be among the advisors of Mohammad bin Zayed, stated that he thinks the rapprochement with the Assad regime is wrong. Therefore, there might be different opinions about rapprochement with Syria inside the UAE.

Will the UAE suffer from the Caesar Act Sanctions?

The steps taken by the UAE for normalizing relations with the Damascus administration are not compatible with the regional policies of the US and the UAE has been warned by the US about this. The US is displeased with the UAE's insistence about following its own agenda despite all warnings as it would be understood from Jeffrey's statements. Considering the UAE's regional policies, it is likely to be targeted by the sanctions of the Caesar Act. Yet, the first wave of the sanctions that entered into force on June 17 does not directly target the firms or businessmen from the UAE. While it will not suffer from the sanctions in the short run, the UAE is likely to be targeted in the middle to long run. The Caesar Act might cause the UAE to slow down its normalization steps with Syria. It is also likely

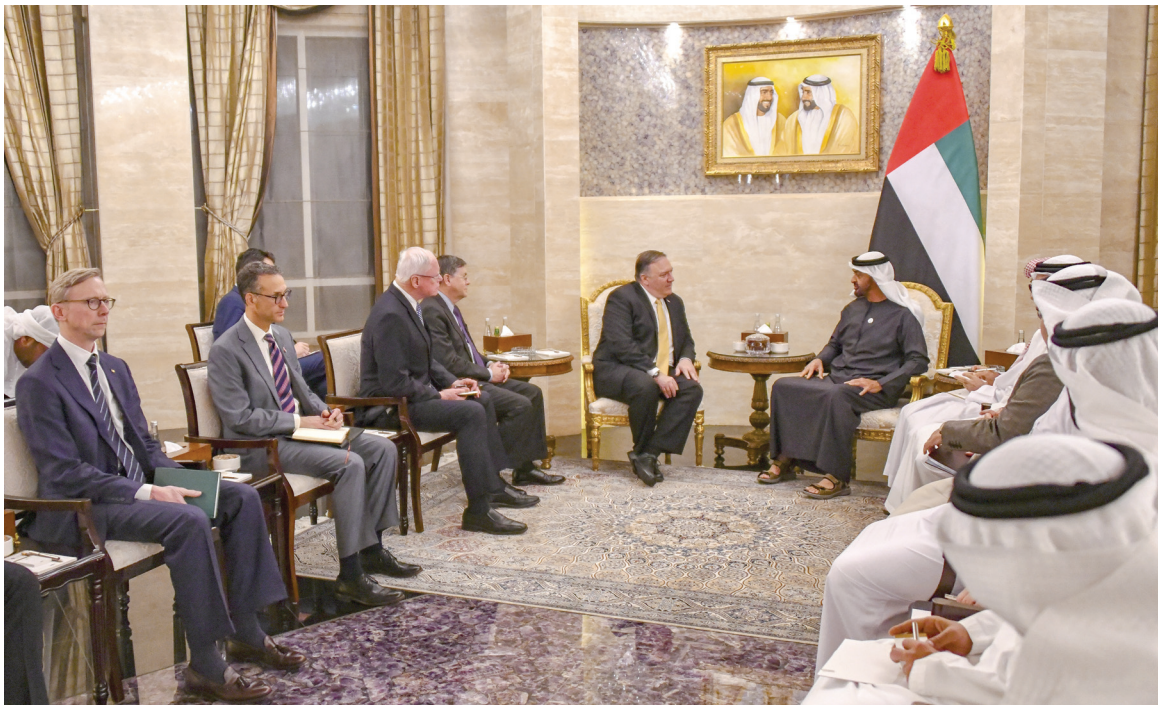
that the Emirati businessmen who were poised to invest in Syria will take a step back.

Some Emirati companies that have investment in Syria already suffered from sanctions albeit on a smaller scale. The Emirati companies “International Pipeline Construction FZE74” and “Sonex Investment Ltd” were included in the US sanctions list in September 2018 for supplying the Assad regime with weapons. In addition to that, the Emirati Ministry of Culture, fearing the US sanctions, withdrew its pledge to provide 25 million dollars for the reconstruction of the old marketplace of Aleppo in June 2019.¹¹ There is no clear information about the amount of investment that the UAE plans to do in Syria. Yet a close figure might be inferred considering the former amount of the investment from the Gulf countries in Syria. The Gulf investment in Syria mostly focused on tourism and luxury construction. Between 2000 and 2007, Syria received approximately 20 billion dollars of

investment from the Gulf countries.¹² The Emirati investment in Syria before 2011 focused on real estate, tourism complexes and finance. Abduljalil al-Baluqi, who enjoys close relations with the ruling family in Abu Dhabi, is the head of the Syrian Investment and Development Corporation. The corporation develops projects for the ‘Marota City’ that is to be built in Damascus with the partnership of Rami Mahluf, the richest businessman in Syria.

How does the UAE Assess the Caesar Act?

Considering the political structure of the UAE, the opinions of the research centers in the country can be considered parallel to the decision makers. Therefore, the details of the Emirati attitude about the Caesar Act rely on the opinions put forward in the published reports and meetings of the research centers in the country. According to these opinions, the long term effects of the Caesar Act will be



the collapse of the Syrian economy and the disruption of the regime's influence potential.¹³ Besides, the policy circles of the UAE think that there are losers and winners of the act when the effects of the act on the actors on the ground are looked into.¹⁴ Accordingly, the act will result in economic and diplomatic pressure on the Assad regime and in turn the winners will be the US, Turkey, YPG and the Syrian opposition. The Emirati leadership also considers the potential negative effects of the act on actors such as Russia, China, Iran and Hezbollah.

a. The Winners of the Act According to the UAE Policy Circles

The US: For the UAE, the US is at the top of the list of winners. Engaged in a war of attrition against the Assad regime, the US will be able to harm the Assad regime without using its military force and strengthen its hand in the political solution process in the Syrian civil war.

Turkey: The Caesar Act will limit the influence of the regime and Russia in the north of Syria and in Idlib. The UAE also thinks that increasing economic pressure will make the regime more prone to political solution and that Damascus would be forced to make concessions in favor of the opposition. For these reasons, the UAE thinks that Turkey will make gains as a result of the Caesar Act.

YPG: The areas to the east of Euphrates were left out of the scope of the Caesar Act sanctions. These areas, which are rich in terms of agriculture, water and natural resources, will not be affected by the negative outcome of the Caesar Act. Despite that, the economic pressure on the Assad regime will increase. Therefore, the UAE thinks that the YPG will gain the upper hand in the negotiations

with Damascus and the USA will have a trump card in terms of a political solution that will give the region a political status.

“Seeking to continue its partnership with Russia, the UAE will continue normalizing relations with the Assad regime since it is disturbed by the active policies of Iran and Turkey in both Syria and the region”

The Syrian Opposition: The Emirati policy-circles think that, while the opposition does not expect the downfall of the Assad regime after the Caesar sanctions, it will be in a more favorable position than the Assad regime for a possible political solution when the regime's capabilities in terms of economy, military and security degrades.

b. The Losers of the Act According to the UAE Policy Circles

Russia: The Caesar Act will strike hard against the Russian companies who expect to benefit from a military solution to the conflict in Syria. The sanctions introduced by the act will curb Russia's role in the reconstruction of Syria. For the UAE policy circles, the sanctions show the helplessness of Russia against the USA. They think that Russia will experience a financial downfall if it insists on saving the Assad regime from a total collapse.

Iran and Hezbollah: Iran and Hezbollah have ensured the survival of the Assad regime at the cost of the downfall of the Lebanese economy. In addition to that, the both actors have economic investments in Syria. The UAE expects that Iran and Hezbollah will be dam-

aged by the Caesar Act for their current and ongoing investments.

China: While Syria is not a direct participant of the 'Belt and Road' initiative, it has an important position. For this reason, the UAE counts China among the actors that will be negatively affected by the Caesar Act. China also wants to take part in the reconstruction of Syria. The Chinese companies will not want to upset the USA and they will withdraw from Syria as they did in Venezuela, in order to avoid sanctions.

Conclusion

The policies of the UAE regarding the Caesar Act are determined by numerous factors. The UAE started giving support, albeit rhetorical, to the Assad regime after the Russian intervention. Its support was transformed into concrete actions after 2018. It reopened its embassy in 2018 for normalizing relations

with the Assad regime and has launched co-operation in political, security and financial dimensions. Hence, the following points can be made considering the close cooperation between the UAE and the Assad regime.

1. If the Caesar Act is implemented in a complete manner, the UAE companies investing in Syria are theoretically under the threat of the US sanctions. Nevertheless, it would be wrong to suggest that the Caesar Act would be a decisive obstacle against the UAE's efforts to participate in the reconstruction of Syria and invest in the country. The UAE has a powerful lobby in Washington DC and enjoys a degree of influence over the Trump administration. Therefore, it might convince the Trump administration that the Caesar Act will put Iran at the forefront in Syria.¹⁵ The UAE can work in accord with the USA in Syria and balance Iran in order to conceal its economic ac-



tivities. The outcome of the US Presidential Elections will be an important factor in the investment plans of the UAE in Syria. If Trump is reelected, the US will continue to see the UAE as an important regional ally. Under these circumstances, the Trump administration may opt for disregarding the Emirati companies' activities in Syria. If Biden is elected, the US is less likely to tolerate the UAE than what the Trump administration is expected to do. Therefore, under a likely Biden Administration, the UAE will be cautious not to breach the sanctions in Syria.¹⁶

2. Seeking to continue its partnership with Russia, the UAE will continue normalizing relations with the Assad regime since it is disturbed by the active policies of Iran and Turkey in both Syria and the region. About the US sanctions, the UAE is likely to wait for Russia's action and take a similar step. It may keep close to the Assad regime depending on Russia's attitude. Yet, it will never be able to stand up to the US, since it is under its security umbrella. Therefore, the UAE will seek to strike a balance between the US and Russia in the context of the Caesar Act.
3. Even though they enjoy close relations, the US and the UAE still have some problems. From the perspective of the US, the UAE's reliability is in question due to its support for the Assad regime in Syria, its actions

against the UN resolutions and international arms embargo in Libya and its policies in Yemen that hinder the US efforts for counterterrorism against Al-Qaeda in the Arabian Peninsula (AQAP). The relations are likely to suffer if the Caesar sanctions target the UAE decision makers and institutions. The UAE will seek to find a solution that avoids confrontation with the USA. That is because the UAE's regional military and political engagements seek to counter the Iranian threat and interdict Turkey in Egypt, Yemen, Libya and Syria. If its relations with the USA are harmed, its engagements fall in jeopardy.

4. It is known that the warmongering of Mohammad bin Zayed, the Crown Prince of Abu Dhabi, draws reactions from the lesser importance of emirates such as Dubai, Sharjah and Ras al-Khaimah.¹⁷ These emirates have different opinions in some matters such as normalizing relations with the Assad regime and the policy of total confrontation against Iran. Considering these circumstances, a likely US-UAE tension will limit the power of Abu Dhabi and Mohammad bin Zayed in the UAE and thereby its foreign policy priorities. If Abu Dhabi loses its power within the emirates, the Assad regime will suffer a loss as well. Therefore, the most important consideration of the UAE in the context of the Caesar sanctions is the balance of power among the emirates.

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