

# UNITED STATES INSTITUTE OF PEACE WORKING PAPER

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## **Won't You Be My Neighbor:**

Syria, Iraq and the Changing Strategic Context in  
the Middle East

**STEVEN SIMON**  
Council on Foreign Relations

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

UNITED STATES INSTITUTE OF PEACE  
1200 17th Street NW, Suite 200  
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This Working Paper on Syria and Iraq is the latest product in this on-going research series. The author of the study, Dr. Steven Simon of the Council on Foreign Relations, is one of Washington's best-known experts on Middle East security matters, terrorism and regional strategic affairs. The author and the project director express their gratitude to Andrew Tabler, Sam Parker and Hesham Sallam for comments on an earlier draft. The author also wishes to thank Sara Bjerg Moller, who provided invaluable research support at the Council on Foreign Relations and Professor Jonathan Stevenson of the Naval War College for his keen insight and analytical judgment.

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Won't You Be My Neighbor

## CONTENTS

<b>WON'T YOU BE MY NEIGHBOR</b>	
SUMMARY	1
INTRODUCTION	2
SYRIAN-IRAQI RAPPROCHEMENT	3
SYRIAN DOMESTIC POLITICS	5
REFUGEES	6
THE IRAQI OPPOSITION MOVEMENT	9
THE KURDS	12
THE SYRIAN ECONOMY: A MIXED PICTURE	14
TRADE WITH IRAQ	17
OIL	19
SYRIAN INTERESTS	20
SYRIA AND THE NEIGHBORHOOD	21
DAMASCUS'S RELATIONS WITH WASHINGTON	26
JIHADISTS AND BORDER SECURITY	29
AL-QAIDA	31
ARAB-ISRAELI PEACE PROCESS	32
LEBANON	33
SANCTIONS	34
U.S. SUPPORT FOR SYRIAN OPPOSITION GROUPS	35
CONCLUSION	36
ABOUT THE AUTHOR	38
ABOUT USIP	38
RELATED PUBLICATIONS	38

## **WON'T YOU BE MY NEIGHBOR:**

# **SYRIA, IRAQ AND THE CHANGING STRATEGIC CONTEXT IN THE MIDDLE EAST**

STEVEN SIMON  
Council on Foreign Relations

## **SUMMARY**

From a strategic perspective, Syria has gained some advantages and some disadvantages since the US-led invasion of Iraq in 2003. President Bashar al-Asad, considered a callow leader five years ago, faced a testing period in 2003–06 and did more than merely survive. He withstood a threat of imminent regime change at the hands of the United States, and weathered heavy international fallout from the February 2005 assassination of former Lebanese Prime Minister Rafiq Hariri and the summer war in 2006 between Israel and Hezbollah, which Syria has long supported. Bashar has emerged a cagey geopolitical operator, able to manage a delicate strategic balance, and Syria is now stronger than it has been at any time in recent history. Yet Syria faces a number of internal challenges due to Iraq's instability. Primary among these is coping socially, economically, and politically with a huge influx of Iraqi refugees, and mitigating the effect that sectarian (Shia-Sunni) and ethnic (Arab-Kurd) conflict in Iraq has on the fragile status quo in Syria.

Against this background, Syria has the capacity to play only a marginally negative role in Iraq, and lacks the influence required to have a more positive role. Yet Syria's key bilateral strategic relationship remains with the United States, which will seek to penalize Syria for any spoiler activity in Iraq. Thus, to manage the bilateral relationship, Bashar faces the ongoing challenge of balancing Syrian priorities against American ones. Damascus's interests on some crucial matters—in particular, Lebanese politics and the Israeli-Palestinian conflict—diverge with U.S. interests. On others—such as countering al-Qaida and, to some extent, stabilizing Iraq—American and Syrian interests converge. As to the rise of Iranian power in the Persian Gulf, the degree of compatibility between U.S. and Syrian interests remains ambiguous. Thus, although Syria may lack influence in Iraq, because Syrian and American interests cross on a multiplicity of regional issues, Damascus is likely to be an unavoidably important interlocutor for the United States on Iraq as well as other matters.

## INTRODUCTION

Overall, Syria has marginally benefited from the war in Iraq at both the regional and international levels. After watching the U.S. military unseat the Baathist regime next door in 2003 with unprecedented speed, it looked to many observers—including some in Damascus—as if Syria would be next in line. Having not only survived the threat of imminent regime change in 2003 but also the fallout from the February 2005 assassination of former Lebanese Prime Minister Hariri and the 2006 summer war between Israel and Lebanon, the Syrian regime is stronger than in any time in recent history. Like his father Hafez al-Asad, Bashar appears to have an extraordinary capacity to outlast his enemies.

Thus, after nearly a decade of international isolation, Syria is showing signs of coming in from the cold. Following a temporary chill in relations in 2005, Europeans are again flocking to Damascus. EU Foreign Policy Chief Javier Solana made a landmark visit to Syria in 2007. Even Washington, the regime's staunchest critic, appeared compelled to acknowledge the new geopolitical reality by inviting the Syrians to the Arab-Israeli peace summit in Annapolis, Maryland in November 2007.

Syria owes much of its growing influence in the region to Iraq. On this issue, the Asad regime has deftly managed to transform what is in reality a problematic hand into a winning one. Syria's prewar support for Saddam Hussein's regime and subsequent permissiveness in allowing foreign jihadists to enter Iraq from Syria had antagonized the United States and made Syria a potential target for regime change. But as the Iraq intervention has become increasingly fraught for Washington, not only has Syria's status as Iraq's neighbor afforded it a seat at the table at regional summits, it has also contributed to a change in U.S. policy toward the regime. Fear of the further destabilization of an already volatile region has led Washington to curtail its previous efforts at isolating the regime and adopt a more nuanced policy.

Syria's diplomatic circumstances at the regional level have also been transformed as a result of the war. While relations with Syria's one-time benefactor, Saudi Arabia, have soured, its ties with Turkey have grown tighter. Domestically, however, the Asad regime remains in a precarious position. The country has seen its population balloon by 10% as a result of a flood of refugees from Iraq. The economy, though stable in the near term, is on shaky ground in the long term. The refugee crisis, along with an increasingly active

domestic opposition, rising Kurdish nationalism, declining oil output, and the prospect of blowback from Iraq, is among the most pressing challenges facing the regime.

## **SYRIAN-IRAQI RAPPROCHEMENT**

Despite their longstanding cultural and historical ties, Syria and Iraq were enemies for much of the twentieth century. Carved from the ruins of the Ottoman Empire, the two countries have competed for primacy in the Arab world since their creation as modern states early in the last century. In an attempt to secure its dominant position in the region, Iraq entered into the Middle East Treaty Organization (also known as the Baghdad Pact or Central Treaty Organization, or CENTO) with Iran, Pakistan, and Turkey in 1955. Three years later, Syria established its own alliance with Egypt, the United Arab Republic (UAR). Neither project was to last long, however. Baghdad withdrew from CENTO in March 1959 while the UAR collapsed in 1961. In 1963, the governments of both countries were swept aside by Baathist coups (though the Baath in Iraq failed to hold onto power, only to return in 1968.). Despite the superficial appearance of a shared political ideology, Damascus and Baghdad would remain bitter rivals for the next three decades. Subsequent coups by Saddam Hussein in Iraq in 1968 and Hafez al-Asad in Syria two years later personalized the rivalry. Though both leaders of ostensibly Baathist regimes, the two men had radically different styles of ruling and geopolitical priorities. After Asad sided with Tehran in the Iran-Iraq War, relations between the two countries became downright hostile, with each capital supporting opposition groups committed to the overthrow of the other.

Relations between Asad and Saddam began to improve in the late 1990s. The two countries reinstated economic ties in 1997 and re-opened their long closed border. In violation of U.N. sanctions, Syria is widely believed to have imported large quantities of Iraqi oil outside the world body's "oil-for-food" system.<sup>1</sup> The Syrian-Iraqi rapprochement was stepped up following Asad's death in 2000 and Bashar's ascension to power. During his first year in office, Iraq and Syria signed a number of bilateral trade agreements, eliminated visa regulations, and reopened the border. In November 2000, Iraqi Vice President Izzat Ibrahim al-Douri became the first Iraqi official to visit Damascus in two decades. Limited diplomatic relations were restored in 2001. As a

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<sup>1</sup> See Douglas Jehl, "Syria Sneaks Iraq's Oil Out as Old Foes Become Friends," *New York Times*, April 26, 1999.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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result of these budding ties, Syria became the primary destination for many Saddam loyalists in the aftermath of the U.S.-led takedown of his regime in 2003.

In late November 2006, Syria and Iraq restored full diplomatic ties after nearly twenty-five years. On December 11, the Iraqi embassy in Damascus raised the Iraqi flag and a reciprocal ceremony took place at the Syrian embassy in Baghdad. Shortly thereafter, the two countries reached a five-year defense cooperation agreement, embracing the exchange of intelligence related to terrorism and organized crime, tighter monitoring of the shared border, and the training of Iraqi special operations forces. In January 2007, shortly after President Bush announced the planned “surge” of U.S. forces in Iraq, Iraqi President Jalal Talabani became the first Iraqi president to visit Damascus in thirty years. Accompanying him during his six-day stay were members of major Iraqi parliamentary blocs, as well as representatives of both Muqtada al-Sadr's Mahdi Army and the Badr Corps of the Supreme Council for the Islamic Revolution in Iraq, led by Abdul Aziz al-Hakim.

At the conclusion of Talabani's visit, the two governments issued a joint statement stressing their mutual security interests, condemning “all forms of terrorism against Iraqis, infrastructure, places of worship, and military and civilian institutions,” and committing themselves to “ending the foreign military presence in the country.” During the visit, Iraqi and Syrian officials also signed a number of agreements on economic, financial, and oil issues, while the interior ministers concluded a bilateral extradition agreement. While Iraq appeared convinced that security would lead to political and economic growth, the Syrians manifested the inverse view that a political and economic “umbrella” would lay the groundwork for security. As an olive branch to Syria, Talabani criticized the draconian nature of the Iraqi de-Baathification law, met the Baath regional leadership in Damascus, and indicated his willingness to cooperate with Iraqi Baathists who had worked against Saddam Hussein's regime.

Almost immediately following Talabani's trip to Damascus, Syria announced a major shift in its theretofore open-border policy with respect to Iraqi refugees, imposing severe restrictions on visas and suspending Iraqi Airways flights into Syria. Baghdad responded angrily that much of the violence in Iraq was perpetrated by jihadists who had gained access through Syria. Although Syria has sporadically cracked down on such activity, thus far it has been unable or unwilling to take sustained measures to improve Iraq's stability and security. Thus, a discrepancy between Syria's apparent diplomatic intent

and actual behavior vis-à-vis Iraq persists, making the trajectory of the rapprochement flatter.<sup>2</sup>

## SYRIAN DOMESTIC POLITICS

Since 2001, many of the old guard associated with Hafez al-Asad's rule have either died or retired. The Syrian government today is staffed mostly by young technocrats, though a few veterans (like Walid al-Moallem, Farouk al-Shara, and Mohammed Naji al-Otari) from the old days still serve in important positions. Parliamentary and presidential elections were held in April 2007. The National Progressive Front (NPF), a coalition of ten parties headed by the Baath Party, received 170 seats (three more than in the previous parliament) during the elections to the People's Assembly. The remaining 80 seats were awarded to "independent" candidates, mostly wealthy businessmen with ties to the regime.<sup>3</sup> In its first official act, the new parliament unanimously approved the candidacy of Bashar for a second seven-year term as president on May 11, 2007. In the presidential referendum two weeks later, Asad received 97.62% of the vote, a slight increase over the 97.29% he garnered in 2000.

Although there has been a proliferation of dissident groups within Syria since 2003, the opposition remains fractured and weak. In a rare moment of unity, however, dissident groups came together in December 2005 to sign the "Damascus Declaration," calling for the release of political prisoners and the lifting of the country's forty-year-old emergency laws. The regime, however, intensified its crackdown on opposition leaders in the run-up to the April 2007 parliamentary elections and the May presidential referendum, rounding up dozens of human rights activists and dissidents despite pleas for leniency from U.S. Speaker of the House Nancy Pelosi and other Westerners who visited Damascus at the time. Although Bashar has pardoned some dissidents, political conditions have not approached the level of liberalization witnessed during the so-called Damascus Spring of 2000. An estimated three thousand political prisoners are still languishing in Syrian prisons—a reality that suggests the existence of substantial latent political opposition to the regime.<sup>4</sup> At present, however, there appears to be no feasible successor to Bashar. Former Vice President Abdul Halim Khaddam—who left the regime

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<sup>2</sup> Seth Wikas, "Syrian-Iraqi Relations: A New Chapter?" *PolicyWatch # 1193*, Washington Institute for Near East Policy, February 8, 2007.

<sup>3</sup> H. Varulkar, "Criticism in Syria of the Parliamentary Elections and Their Results," *MEMRI No. 535*, May 15, 2007.

<sup>4</sup> Ian Fisher, "Syria Frees 130 Prisoners, But Why?" *New York Times*, February 15, 2004.

in 2005 over the assassination of Hariri, with whom he had close business and personal ties—has branded Bashar a traitor and encouraged popular mobilization against the regime. But Khaddam's defiant rhetoric has not resonated, drawing at best a cautious approach from Bashar's political opponents, such as the long-repressed Syrian Muslim Brotherhood, which generally still considers him tainted by his forty-year association with the Baathist regime. Washington-based Farid Ghadry, who heads the Reform Party of Syria, has been dubbed the Syrian Ahmed Chalabi (after the Iraqi exile instrumental in supporting the Bush administration's decision to invade Iraq), and has little traction inside the Beltway and virtually none in Syria.

## REFUGEES

The very process of Iraqi migration to Syria presents immediate security problems for Damascus due to Syria's prominence as a central transit point for jihadists and insurgents. In July 2005, Syrian security forces clashed with insurgents, including former bodyguards of Saddam Hussein, on Qassioun Mountain outside Damascus.<sup>5</sup> The fighting, which left one police major and two soldiers dead, resulted from a crackdown by the Syrian authorities on militants linked to the Iraq insurgency and led to the capture of suspected Jordanian militant Sharif Ayed Saeed al-Smady. But the most pressing concern for the Syrian regime remains dealing with the hundreds of thousands of Iraqi refugees living in the country. Since the fall of Saddam and the outbreak of large-scale violence in Iraq, it is likely that well more than a million Iraqis have crossed into Syria, but the Syrian regime's estimates of more than a million resident refugees appears inflated.<sup>6</sup> Although the Iraqi government claims many refugees—encouraged by its offer of free transportation and 1 million dinars (about \$800) per family have returned to Iraq, in fact, those who have gone back to Iraq represent less than 3% of the total Iraqi population in Syria.

The Iraqi refugee community in Syria is concentrated in a few large urban areas, including Damascus in the south and Aleppo in the north. While Iraqi refugees in Syria encompass every ethnic and sectarian background, the majority are thought to be Sunni,

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<sup>5</sup> Albert Aji, "Saddam's Former Bodyguards Clash with Syrian Forces Near Damascus," *The Independent*, July 5, 2005; Hassan Fattah, "Syrians Fight Militants in Hills Near Damascus," *International Herald Tribune*, July 5, 2005.

<sup>6</sup> UNHCR Second Ipsos Survey on Iraqi Refugees (November 2007), Preliminary Results, accessed at [www.unhcr.org/cgi-bin/teaxis/vtx/home/pendoc.pdf?tbl=SUBSITES&id=476267512](http://www.unhcr.org/cgi-bin/teaxis/vtx/home/pendoc.pdf?tbl=SUBSITES&id=476267512). See also "Iraq, its Neighbors and the Obama Administration: Syrian and Saudi Perspectives," USIP Working Paper, February 2008.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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with 15% Shia, and 10% Christian. Many of those who arrived between 2003 and 2006 were comparatively well-educated and financially well-off, though rising prices and the inability to find work have whittled away their private savings. Subsequent waves of refugees have included Iraqis from across the entire socioeconomic spectrum. The majority of Iraqi refugees living in Syria, roughly 63%, fled Iraq in 2006 or 2007 in the aftermath of the violence unleashed by the February 2006 bombing of the Al-Askariya shrine in Samara. At the height of the influx, Syrian authorities reported between thirty thousand and sixty thousand new arrivals every month.

In addition to its geographical proximity (the two countries share a border stretching 375 miles) to Iraq, Syria's lenient entry requirements made it a popular destination for many Iraqis. For most of the Iraq war, Syria has had the most relaxed entry requirements of all of Iraq's neighbors. Jordan, home to roughly half a million Iraqi refugees, began restricting entry to Iraqis after the November 2005 Amman hotel bombing (which was perpetrated by Iraqis), effectively closing its border to Iraqi males between the ages of twenty and forty.<sup>7</sup> Iraqis trying to enter other neighboring countries like Saudi Arabia have languished at the border for weeks. In contrast, Syria allowed Iraqis to come and go without visas until early 2007. Recent changes in Syrian law, however, have made it more difficult for Iraqis to stay in Syria.

The Syrian government claims the presence of Iraqis costs the government \$1.6 billion a year. The government says it is spending \$60 million a year alone on medical care for refugees. After initially pledging \$2.06 million to the Syrian Ministry of Health in May 2006, the UNHCR promised additional funds in 2008 to help offset the government's expenses.<sup>8</sup> In 2007 and 2008, more and more international NGOs began to work in Syria to address needs of the Iraqi refugees—including several funded by the U.S. government. Even with outside support, however, the Syrian government is struggling to cover soaring costs. The state received some temporary relief in November 2007 when Iraq's Finance Minister Bayan Jabr Solagh arrived in Damascus with a check

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<sup>7</sup> Mohamad Bazzi, "Fallout from Iraq," *Newsday*, September 16, 2007; "Plight of Refugees Worsens as Syria, Jordan Impose Restrictions," *IRIN*, June 17, 2007.

<sup>8</sup> The UNCHR allocated \$40 million for Iraqis' health needs in host countries in its 2008 budget. While wealthier Iraqi refugees often visit private doctors and clinics, poorer Iraqis are forced to rely on Syrian public health services for emergency and primary health care. For everyday care, most Iraqis rely on the Syrian Red Crescent clinics. Ashraf al-Khalidi, Sophia Hoffman and Victor Tanner, "Iraqi Refugees in the Syrian Arab Republic: A Field-Based Snapshot," *Occasional Paper*, The Brookings Institution—University of Bern Project on Internal Displacement (June 2007), p. 8; "Syria Provides Healthcare for Iraqi Refugees," *Iraq Slogger*, July 30, 2007.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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for \$15 million.<sup>9</sup> The funds are the first of what Syrian authorities hope will be many more payments from Baghdad. Unlike Jordan, which recently saw its U.S. military and economic aid package grow by 48% (in part driven by additional funds earmarked for Iraqi refugees in Jordan), Syria has received no direct aid from Washington to help it manage its refugee population.<sup>10</sup>

The strain on Syrian infrastructure and resources is particularly dire in Damascus, where nearly 80% of all Iraqi refugees have settled and all-Iraqi neighborhoods named after Iraqi cities like Fallujah have arisen. Huge numbers of Iraqis have settled in the enclave of Sayyida Zaynab, a suburb of the capital named after the granddaughter of the Prophet, where Iraqi cafes and stores selling Iraqi specialty items now dot the streets. The result has been massive overcrowding, increasingly common water shortages, and power failures. Syrian authorities say demand for cooking gas has risen by 11%, and for water by 21% since 2006. In summer 2007, Damascenes were forced to endure daily blackouts lasting up to five hours due to fuel shortages. The government estimates electricity output will need to grow by 9% in 2008 to accommodate the extra strain placed on power stations by the swelling population.<sup>11</sup> The influx of refugees has also affected the local economy. Prices for basic foodstuffs have more than doubled in some areas, and rents in the capital have skyrocketed from 6,000 Syrian pounds (\$120) per month in 2004 to 15,000-25,000 SYP (\$300-500) per month in 2007.

Syria's education system lacks the capacity to absorb Iraqi refugees. Although elementary and secondary schools are open to Iraqi children, only about forty thousand Iraqi refugee children (fewer than 15% of the Iraqi refugee youth population) attend school.<sup>12</sup> Many Iraqi refugee children forego classes for low-paying jobs in order to

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<sup>9</sup> "Iraq to Pay Syria \$15 Million for Refugees," *Associated Press*, November 22, 2007.

<sup>10</sup> Jordan has received over \$10 million in direct aid from the U.S. government to help it cope with the influx of Iraqi refugees. In late December 2007, the EU pledged 50 million euros (\$73.4 million) to Jordan and Syria to help ease the two countries' financial burdens. See "European Commission allocates €50 million to alleviate plight of Iraqi refugees in Syria and Jordan." EU Press Room, December 13, 2007, accessed at <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1903&format=HTML&aged=0&language=EN&guiLanguage=en>; see also Ellen Sauerbrey, "Sectarian Violence and the Refugee Crisis in Iraq." Remarks to the U.S. Commission on International Religious Freedom Hearing, September 19, 2007, accessed at <http://www.state.gov/g/prm/rls/92551.htm>; Suleiman al-Khalidi, "US to boost aid to Jordan in 2008 by 48 percent," *Reuters*, January 14, 2008. Given Syria's continued designation as a state sponsor of terrorism, indirect U.S. assistance channeled through non-Syrian NGOs seems to be Washington's only option—other than funding U.N. programs.

<sup>11</sup> Damien McElroy, "UN Struggles to Help Middle-Class Iraqis Who Have Fled to Syria," *Daily Telegraph*, September 3, 2007; Hugh Naylor, "Syrians Tired of Energy Ills Doubt the West Is to Blame," *New York Times*, August 15, 2007.

<sup>12</sup> Iraqi children must pay 5,000 SYP (\$100) per year for supplies and uniforms, which could be one explanation for the low turnout. Refugee children must also pay for books unless they register at the start of the school year, in which case they are eligible to receive free books.

supplement family incomes while others stay away for fear of attracting unwanted attention from Syrian authorities. Nevertheless, the refugee influx has led to overcrowding in schools and forced teachers to adopt a shift system, teaching separate groups of students in the morning and afternoons.<sup>13</sup>

Economic and social strains resulting from the Iraqi refugees presence has led to a growing backlash among the local population. Many Syrians blame Iraqi refugees for the soaring prices and a rise in crime, drug use, and prostitution. Although the government has handled the problem remarkably well under enormously difficult circumstances, an angry citizenry will pose mounting challenges going forward. Without help from the international community, the Syrian state will be unable to continue to meet the economic burden of supporting the large Iraqi expatriate community. In the long term, the regime also risks importing—along with hundreds of thousands of Iraqi Sunnis, Shia, and Christians—a potentially deadly rise in sectarianism, the reemergence of which, in Iraq, has been one of the most dangerous outcomes of the war. Ongoing violence next door in Iraq could further upset the fragile status quo in Syria, an authoritarian state run by members of the minority Shia Alawite sect despite the fact that Sunnis account for almost 75% of the population. A related concern for the regime is that individuals actively hostile to the Syrian regime could be hidden among the hundreds of thousands of refugees and could challenge the regime's hold on power.

## **THE IRAQI OPPOSITION MOVEMENT**

Syria hosted political opponents of successive Iraqi governments for most of the twentieth century. In 1959, a young Saddam Hussein, then just beginning his climb up the Baath Party ladder, fled to Syria after a botched assassination attempt against Abd al-Karim Qasim. After the Iraqi Baathist coup in 1963, thousands of Iraqi communists, nationalists, and other opposition leaders were forced underground or into exile in Iran or Syria. Several high-ranking members of the current Iraqi government, including Prime Minister Nouri al-Maliki and President Jalal Talabani, spent more than a decade in Damascus. Other Iraqi leaders like Ibrahim al-Jaafari and Bayan Jabr Solagh also have lived in Syria at one time or another. Yet unlike Tehran or other Arab capitals in which Iraqis have taken refuge, Damascus has proven unable to translate its status as their “friend in need” into political influence in the new Iraqi government.

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<sup>13</sup> “UNHCR Launches “Back to School” Campaign,” *Iraq Slogger*, July 19, 2007.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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During the Saddam years, Syria and Iran competed over which country could host the most opposition leaders and hence exert the most political influence in Iraqi affairs. When the Iranian government showed signs of favoring Masoud Barzani's Kurdistan Democratic Party (KDP) in the early 1980s, for example, Syria extended its support to the rival Patriotic Union of Kurdistan (PUK). But whereas the Iranians openly backed Iraqi Shia leaders like Ayatollah Ali Sistani and Mohammed Baqir al-Hakim and worked hard to cultivate proxies such as the Supreme Council for Islamic Revolution in Iraq, Syrian support for Iraqi opposition groups often took a less sectarian form. While the Iranians hoped to spread Khomeini's theological doctrine of velayat-e faqih as well as gain geopolitical traction, the Syrian regime welcomed groups from across the political and religious spectrum, including offshoots of the Iraqi Baath party as well as nationalist, socialist, and Kurdish groups.<sup>14</sup>

Although the less Tehran-oriented Dawa Party did operate a branch in Damascus, and the city remained a popular venue for large gatherings of Iraqi opposition groups throughout the 1980s and 1990s, pro-Iranian Iraqi opposition groups far outnumbered pro-Syrian ones in size and influence. The latter were noticeably absent from the 1992 Vienna opposition conference that launched the Iraqi National Congress and ushered in a new era in the Iraqi opposition movement.<sup>15</sup>

As the Shia rose to power following the 2003 U.S.-led invasion, Iran proved to have positioned itself more advantageously than Syria. (The Saudis also have proved adept at exerting influence in the new Iraq, relying on Salafi ties with Sunni groups and their coffers to purchase influence.<sup>16</sup>) Tehran has used relationships formed with Iraqi opposition leaders during the Saddam era to establish close ties with the new Baghdad government and expand its economic and political influence in Iraq. While Iranian influence in Iraq today is visible in the south and in Baghdad, Syrian influence is more difficult to detect and measure.<sup>17</sup> Instead, Syria's principal influence resides in former regime loyalists for whom it has been the primary destination since 2003. Several senior

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<sup>14</sup> Pro-Syrian Iraqi opposition groups included the National Reconciliation Group, the Democratic Pan-Arab Grouping, the Arab Baath Socialist Party, Iraqi Command, the Arab Socialist Movement, and the Unionist Nasserite Group.

<sup>15</sup> Michael M. Gunter, "The Iraqi Opposition and the Failure of US Intelligence," *International Journal of Intelligence and Counterintelligence* 12, no. 2 (June 1999): 135-67.

<sup>16</sup> In the early 1990s, the Saudis began to provide heavy support to a new Iraqi opposition group, the Iraqi National Accord, as did Washington and London. The INA was intended to serve as a counter to the established, pro-Iranian opposition parties.

<sup>17</sup> Indeed, such is the level of suspected Iranian influence in Baghdad these days that to damage a political rival one need only accuse him of being pro-Iranian. Even Maliki, who spent almost two decades in Syria, is frequently criticized for being pro-Iranian, but never pro-Syrian.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

---

members of the Baath Party as well as members of Saddam's family sought sanctuary in the country following the outbreak of hostilities in March 2003. Mohammed al-Douri, former Iraqi ambassador to the United Nations, and Fatiq al-Majid—a senior officer in Iraq's Special Security Organization, *al-Amn al-Khas*, and Saddam's relative—are among the high-ranking Iraqi officials whom the Syrian regime has welcomed. Izzat Ibrahim al-Douri, vice-president and deputy chairman of the Iraqi Revolutionary Command Council until Saddam's ouster in 2003 and the "King of Clubs" in the U.S. most-wanted deck of playing cards, is also suspected of having spent time in Syria.

Damascus has used the presence of these former regime elements (FREs) and their perceived influence over the Iraqi Sunni insurgency as strategic leverage to induce the forbearance of the international community, especially Washington. In the spring of 2003, the Bush administration issued several strongly worded warnings to Damascus against harboring members of Saddam's family or regime, charges the Asad regime adamantly denied at the time. But it was only after Washington ordered the closure of the five-hundred-mile oil pipeline running between the northern Iraqi city of Kirkuk and the Syrian port of Banias in late April of that year that Damascus expelled Saddam's wife and daughters, along with seven of his grandchildren.<sup>18</sup> The timing of the Syrian decision to revoke protection for Saddam's family was explicitly tied to the perceived threat that Washington was about to impose additional sanctions. In 2005, in a separate incident also involving a member of the ex-dictator's family, Syrian authorities turned over Saddam's half-brother, Sabawi Ibrahim al-Hassan al-Tikriti, to the Baghdad government. That decision too was made after Damascus revised its calculus and concluded that any benefits derived from holding onto al-Tikriti no longer outweighed the costs. Al-Tikriti, who was number thirty-six on the American list of most-wanted Iraqis and had a bounty of \$1 million on his head, had been living unimpeded in Aleppo until the February 2005 assassination of former Lebanese Prime Minister Hariri, when Syrian authorities judged that handing him over to the Iraqi government might deflect criticism from Washington.<sup>19</sup> But the Syrian regime has allowed the vast majority of FREs unfettered access. American and Iraqi authorities have long accused former regime loyalists of funding the Sunni insurgency from Syrian territory. Syria has routinely defended its actions by

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<sup>18</sup> Pentagon officials also believe Saddam's sons, Uday and Qusay, spent time in Syria in July 2003 before returning to Iraq. His daughters later sought refuge in Jordan.

<sup>19</sup> Gordon Rayner, "Saddam's Family 'Kicked Out By Syrians'," *Daily Mail*, April 28, 2003; Con Coughlin, "Saddam's Nephew Finds Sanctuary in Syria," *Sunday Telegraph*, May 18, 2003.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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claiming that the country has “a national interest in the expulsion of the invaders from Iraq.”<sup>20</sup>

While stepping up control of the border in 2007–08, Syria has also heightened its political support for elements of the Iraqi Sunni insurgency. In January 2007, meetings of the organized Iraqi Sunni opposition proceeded in Damascus with the Asad regime’s approval, and in July of that year Iraqis in exile announced the formation of a coalition of seven Sunni Arab insurgent groups aiming to coordinate and step up attacks in Iraq to force an American withdrawal. Bashar abruptly canceled a meeting of leading former Iraqi Baathists—including the 1920s Revolution Brigades and Ansar al Sunna—scheduled for July 2007 due to pressure from Iran.<sup>21</sup> He has appeared less inclined to test American weakness with such provocations since the surge has yielded tactical success. But, although it handed over to Iraqi authorities about 30 Iraqis suspected of aiding the insurgency in 2005, Damascus continues to harbor an impressive cadre of ex-Baathist Iraqi officials—including members of rival factions headed by Izzat Ibrahim al-Douri and Muhammad Younis al-Ahmed—to use as pawns when the opportunity arises.

## THE KURDS

As with Iraq’s other neighbors to the north, Iran and Turkey, Syria is home to a significant Kurdish population. Although Kurds make up less than 10% of Syria’s population, compared to 20% in Turkey, that still translates to almost two million people. The second largest ethnic group in Syria, the Kurds have been persecuted by successive Syrian governments for most of the twentieth century. Like Saddam, Hafez al-Asad experimented with “Arabization” policies during his tenure, confiscating Kurdish property and replacing whole villages with Arab settlers. More than one hundred thousand Kurds were stripped of their citizenship in the 1960s. Their descendants, numbering close to two hundred thousand, are classified as *ajanib*, or non-citizen foreigners, and denied the right to vote, own property, or work for the government. An additional seventy-five thousand Kurds are unregistered. Known as *maktumin*, they are ineligible for all state services including hospital care.

But whereas Iraq and Turkey have sporadically cooperated against Kurdish nationalist organizations, Syria has tended to promote Kurdish nationalism abroad to

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<sup>20</sup> Syrian Foreign Minister Farouk al-Shara quoted in “Air Strikes Bottle Up Syrian Border,” *The Weekend Australian*, April 12, 2003.

<sup>21</sup> Hugh Naylor, “Syria Is Said to Be Strengthening Ties to Opponents of Iraq’s Government,” *New York Times*, October 7, 2007.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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compromise its neighbors, while suppressing it at home. The elder Asad publicly backed Kurdish separatist groups in neighboring Iraq and Turkey throughout the 1980s and 1990s, much to the annoyance of the governments of both countries. Syrian support for the Kurdistan Workers Party (PKK), a longstanding thorn in the Turkish government's side, was designed to pressure Ankara into making concessions on water-sharing rights. Syrian sponsorship of the PKK reached new heights in the 1990s after the regime began pressing its own Kurdish citizens into service for the organization. According to Turkish intelligence estimates, Syrian Kurds comprised a quarter of the PKK's membership by the mid-1990s. Turkey nearly came to blows with Syria in 1998 because of the latter's support for PKK leader Abdullah Ocalan.<sup>22</sup>

The resurgence in Kurdish nationalism in the region brought on by the 2003 war, however, has induced Syria to refrain from its Machiavellian past practices and close ranks with Turkey. While Turkey has been the most vocal in expressing its frustration with an emboldened Kurdish opposition movement in Iraq, going so far as to carry out military operations against PKK rebels based there, neither Turkey nor Iran wants to see an independent Kurdistan taking root next door. All three neighbors view Kurdish aspirations in Iraq as a threat to their internal stability. Turkey and Syria's shared concern over their mutual "Kurdish problem" is one of the reasons for improved relations between the two neighbors in recent years. In fall 2007, in an ironic reversal of history, Damascus offered to serve as a mediator and help ease rising tensions between Ankara and Baghdad stemming from the PKK's cross-border attacks into Turkey.<sup>23</sup>

At the same time, developments in Iraq and Lebanon have spurred a revival in Kurdish nationalism in Syria. The March 2004 Qamishli soccer riots, in which clashes erupted between Syrian security forces and Kurdish fans, were directly linked to political events next door in Iraq. The riots, which started after Kurdish spectators responded to chants of "Viva Saddam Hussein" with "Viva Barazani" for Iraqi Kurdish leader Massoud Barazani, were the worst incident of civil unrest in the country in decades. The speed with which the demonstrations, which left thirty-six people dead and several hundred injured, spread across the country caught Syrian authorities off guard.<sup>24</sup> Although the regime initially responded by rounding up hundreds of Kurdish protestors, Asad's

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<sup>22</sup> Gary C. Cambill, "The Kurdish Reawakening in Syria," *Middle East Intelligence Bulletin* 6, no. 4 (April 2004). See also, Robert Olson, "The Kurdish Question in the Aftermath of the Gulf War: Geopolitical and Geostrategic Changes in the Middle East," *Third World Quarterly* 13, no. 3 (1992): 475-99.

<sup>23</sup> Alistair Lyon, "Iraq Neighbors to Counsel Turkey Against Invading," *Reuters*, November 2, 2007.

<sup>24</sup> Kerim Yildiz, *The Kurds in Syria: The Forgotten People* (London: Pluto Press, 2005).

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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response in the ensuing months seemed to suggest the regime was reassessing its decades-old policy towards Kurds. In March 2005, Asad granted a special amnesty to the 312 Kurdish prisoners detained the previous year. The following month, reports began surfacing that Syrian authorities were carrying out a census in the Kurdish province of Hasake in what was widely believed at the time to be the first step in a process that would eventually see Syria's stateless Kurds granted citizenship. There were also other signs that the regime was loosening its grip. After Jalal Talabani, a Kurd, was chosen as Iraq's new president in 2005, Kurds flooded the streets of Damascus in celebration. In a move that would have been unthinkable only a year earlier, Syrian security forces stood silently by as the revelers played the Kurdish national anthem.

Since 2005, however, the regime has reverted to form and begun to clamp down on the Kurdish opposition. The tenth Baath Party Congress concluded in June 2005 without a declaration of greater rights for Syria's Kurds. The abduction, torture, and assassination of Sheik Muhammad Mahout al-Khaznawi, a leading cleric in the Kurdish opposition movement, by unknown assailants widely believed to be government agents earlier that month struck a further blow to Kurdish aspirations.<sup>25</sup> Even with these setbacks, Syrian Kurds have continued to flex their muscles. In the kind of move the regime fears most, a delegation of Syrian Kurds traveled to Irbil in April 2007 to attend a gathering of Iraqi, Turkish, and Iranian Kurds. Going forward, the regime will continue to closely monitor Kurdish opposition activities both at home and abroad. The government appears to have taken the necessary precautions to prevent a repeat of the 2004 Qamishli riots any time soon.

## **THE SYRIAN ECONOMY: A MIXED PICTURE**

After growing at a sluggish 1.1% pace in 2003, the Syrian economy has expanded at a rate of roughly 5% annually since and is projected to maintain current growth rates through 2009. The regime has shown itself to be remarkably resilient in the face of U.S. sanctions and a decline in EU trade following the Hariri assassination in 2005.<sup>26</sup> To

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<sup>25</sup> Katherine Zoepf, "New Hope of Syrian Minorities: Ripple Effects of Iraqi Politics," *New York Times*, December 29, 2004; Katherine Zoepf, "Syria: Asad Pardons Kurdish Rioters," *New York Times*, March 31, 2005; Katherine Zoepf, "After Decades as Nonpersons, Syrian Kurds May Soon Be Recognized," *New York Times*, April 28, 2005; Hassan Fattah, "Kurds, Emboldened by Lebanon, Rise up in Tense Syria," *New York Times*, July 2, 2005.

<sup>26</sup> Although intended to reduce Syria's attractiveness as a destination for foreign capital, U.S. sanctions have had a limited effect to date. Bilateral trade between Syria and the United States during the first quarter of FY07 actually increased threefold from the previous year. David Schenker, "Losing Traction against Syria," *PolicyWatch #1290*, Washington Institute for Near East Policy, September 21, 2007.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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counter Western economic pressure, the regime is increasingly turning east, toward China and Iran.<sup>27</sup> Nevertheless, the sunny shorter-term economic outlook is overshadowed by a bleak long-term prognosis. Oil revenues, which have traditionally constituted about 25% of Syrian gross domestic product (GDP), have been declining and are expected to ebb further as Syrian oil reserves are depleted. Maintaining output growth near current levels will require new sources of government revenue and private sector employment. Moreover, a bloated public sector, rising inflation, and high unemployment do not bode well for the future.

Official statistics, of course, indicate optimistic if qualified economic prospects for Syria. On the one hand, Syrian oil output has shrunk from 590,000 barrels per day (bpd) in 1996 to 385,000 bpd in 2008, and oil revenues have dropped from 11.2% of GDP in 2004 to 5.2% of GDP projected for 2008 according to the International Monetary Fund (IMF). On the other hand, non-oil exports of textiles, pharmaceuticals, cotton, and farm products in 2007 exceeded \$12.4 billion, as opposed to less than \$1 billion in 2000. According to the Economic Affairs Ministry, Syria is attracting record levels of foreign investment—about \$750 million from the Persian Gulf alone in 2007, and an aggregate \$2 billion annually over the past five years. This trend has been reinforced by a law, enacted in January 2007, allowing foreign investors to hold land and expatriate profits in any currency. This sort of liberalization has induced the National Bank of Kuwait, Syria's biggest lender, to propose a joint venture in Syria. According to Deputy Prime Minister for Economic Affairs Abdullah Dardari, these economic upticks have compensated for the drop in oil production and U.S. sanctions. In August 2008, he estimated Syria's growth for 2008 at roughly 6%, compared to 4.3% in 2007.<sup>28</sup> The World Travel and Tourism Council (WTTC) also forecast that tourism would become an increasingly important and positive factor in Syria's economy, increasing from \$4.9 billion in 2008 to \$9.6 billion in 2018.<sup>29</sup> The state-run Syrian Arab Airlines' August 2008 discussions with the French firm Airbus SAS to purchase fifty airplanes to modernize its commercial fleet appear to indicate a close linkage between Damascus's economic expectations and France's economic and political support.<sup>30</sup>

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<sup>27</sup> Syrian trade with China increased 55% to \$1.4 billion in 2006; *Ibid.*

<sup>28</sup> "Syria Attracts Record Gulf Investments," *Bloomberg*, August 13, 2008.

<sup>29</sup> "Tourism in Syria: A Greater Role in Economy?" *Naharnet*, August 7, 2008;

[www.naharnet.com/domino/tn/NewsDesk.nsf/0/C41C48378F3736CAC225749E00314149?OpenDocument](http://www.naharnet.com/domino/tn/NewsDesk.nsf/0/C41C48378F3736CAC225749E00314149?OpenDocument)

<sup>30</sup> Massoud A Derhally, "Syrian Carrier to Modernize Fleet with 50 Airbus SAS Planes – Deputy Premier," *Daily Star (Beirut)*, August 14, 2008.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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There are major discrepancies, however, between official Syrian trade figures and current account balances and less rosy IMF numbers. The changing economic picture also raises questions. Given volatile world oil prices and very high global commodity (especially food) prices, Syria's rapidly declining oil production and revenues, the unreliability of its agricultural output due to erratic rainfall and irrigation, and its need to import food point to considerable economic vulnerability.<sup>31</sup> Furthermore, despite having come to power pledging to modernize and reform the economy, Bashar has been hampered in his efforts by a decrepit and corrupt internal bureaucracy and external events. Without liberalization and drastic reforms, government expenditure will continue to outpace revenue. The Economist Intelligence Unit, while confirming the attenuating effect that Gulf investment has had on sanctions, is considerably more pessimistic about the Syrian economy in general, forecasting only 2.4% growth for 2008 and a substantial acceleration in inflation from 12.2% in 2007 to 16.8% in 2008, owing in part to a 25% rise in government salaries and pensions. In addition, the WTTC notes that anticipated tourism revenues would diminish if the warmer relations with Europe by virtue of the Union of the Mediterranean initiative and with Israel as a result of the proximity talks proved transitory.<sup>32</sup>

Thus, for all of the good economic news at the margin and in the short term, and the positive official spin, Syria still faces an uphill economic climb in coming years.<sup>33</sup> The official unemployment figure is 8%, and the proportion of Syrians living at poverty level is hovering near 11%.<sup>34</sup> To hit its targets of 7% annual growth, lower than 6% unemployment, and under 10% poverty, Syria must attract some \$16 billion a year in foreign investment by 2015—a substantial and arguably unrealistic increase above the current level.<sup>35</sup> The consensus remains that Syria's structural economic weakness will require Bashar to continue to tilt toward diplomatic accommodation and regional and global economic integration.<sup>36</sup> From one perspective, this reality makes Syria ripe for U.S. engagement.<sup>37</sup>

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<sup>31</sup> See Ben Judah, "Assessing Stability in Syria," *ISN Security Watch*, August 7, 2008; [www.isn.ethz.ch/news/sw/details\\_print.cfm?id=19281](http://www.isn.ethz.ch/news/sw/details_print.cfm?id=19281)

<sup>32</sup> "Tourism in Syria."

<sup>33</sup> Alistair Lyon, "Syria Pushes Tourism as Oil Dries Up," *Globe and Mail* (Toronto), August 8, 2007.

<sup>34</sup> Rahouda Abdoush, "Where the Poor Are Concerned, Syrian Media Have Nothing to Report," *Menassat*, July 15, 2008; [www.menassat.com/?q=en/news-articles/4192-where-poor-are-concerned-syrian-media-has-nothing-report](http://www.menassat.com/?q=en/news-articles/4192-where-poor-are-concerned-syrian-media-has-nothing-report)

<sup>35</sup> "Syria Attracts Record Gulf Investments."

<sup>36</sup> Judah, "Assessing Stability in Syria"; Nawara Mahfoud and Robert F. Worth, "Syrians See Economic Side to Peace," *New York Times*, July 29, 2008.

<sup>37</sup> Mona Yacoubian and Scott Lasensky, *Dealing With Damascus: Seeking a Greater Return on U.S.-Syria*

## TRADE WITH IRAQ

The history of economic relations between Syria and Iraq has often been turbulent. The two neighbors froze diplomatic and economic ties in the 1980s after finding themselves on opposing sides in the Iran-Iraq war. Relations between the two countries remained uneasy until Baghdad, in an effort to break free from the stifling UN sanctions regime, reinstated economic ties with Damascus in 1997. Trade between the one-time enemies exploded in the ensuing years. By 2003, commerce with Iraq accounted for 10% of Syria's gross domestic product. Having suffered from the temporary termination of these links in 2003, Syria was pleased to see the recent return to prewar trade levels with Iraq. Nonetheless, Damascus still wants to secure access to Iraqi oil and reopen the Kirkuk-Banias pipeline. Syria is also keen to win lucrative reconstruction contracts in Iraq, having been barred from bidding on these until recently by the Baghdad government.

Iraq and Syria have made significant progress in restoring economic ties in recent years. The two countries quietly resumed trade less than six months after the start of hostilities. Even with the war, Syria and Iraq still managed to do \$100-200 million in trade in 2003. In 2007, the two neighbors did more than \$800 million in trade, surpassing prewar trade levels for the first time.<sup>38</sup> Damascus has also benefited from a \$1.3 billion windfall to its economy from the growing Iraqi expatriate community. Since 2003, Damascus and Baghdad have signed several commercial and trade agreements designed to foster greater cooperation between the two countries. Syrian and Iraqi ministers have also announced plans for a number of joint ventures. One of the first, a banking conglomerate comprised of Syrian and Iraqi banks, opened its doors last fall. Syria has also completed construction of a free-trade zone, which will facilitate cross-border movement of people and goods between the two countries.<sup>39</sup>

Despite the quick turnaround in commercial relations, there are still a number of outstanding economic issues between the two neighbors. Among Damascus's list of grievances is the new Iraqi government's failure to honor bilateral economic agreements—covering commerce, finance, and investment—signed during Saddam Hussein's rule. The Syrian government claims Iraq owes back dues for exports and services rendered by Damascus before 2003 and has insisted on compensation. In late

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*Relations*, Council Special Report No. 33, Council on Foreign Relations, June 2008, 6-12.

<sup>38</sup> Syria was reportedly shipping nearly half a billion dollars worth of goods a year to Iraq immediately prior to the outbreak of hostilities. Roula Khalaf, "Syria Resumes Trade with Iraq Unhindered by US Regional Ties," *Financial Times*, August 6, 2003; "Has he got away with it?" *Economist*, April 4, 2007.

<sup>39</sup> The two neighbors briefly participated in a free-trade zone in the final days of Saddam's government.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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2007, Baghdad agreed to compensate one claimant, Syrian Airlines, but there are many more claims that have yet to be settled.<sup>40</sup> In early August 2008, Syrian Trade Minister Amr Hosni Lutfi and his Iraqi counterpart Abdel Falah al-Sudani met in Damascus to initiate a review of the disputed bilateral contracts by the two countries' Joint Ministerial Economic Committee. One objective was to seek ways to ameliorate Iraq's failure to fulfill obligations to Syria. Another was to increase annual bilateral trade, which is estimated to be \$800 million in 2008, to \$1 billion in 2009. The establishment of a Syrian–Iraqi bank was also discussed, as were maintaining oil and gas transport lines between the two countries, exchanging petroleum products and electricity, using Syrian ports for the trans-shipment of goods to Iraq, and Syria's participation in rebuilding Iraq. The mood was quite positive, as al-Sudani remarked that “Syrian-Iraqi relations are fraternal and witnessing remarkable development” and noted Iraq's appreciation for Syria's assistance to Iraqi refugees. Lutfi, for his part, stressed the important role businessmen would play in expanding the investment base in both countries, and applauded Damascus's establishment of an attractive investment atmosphere.<sup>41</sup>

Beneath this newly agreeable diplomatic surface, however, strains remain. According to Syrian officials, Iraqis are operating nearly ten thousand businesses in Syria. But the government is spending over \$1.5 billion annually to support Iraqi immigrants, and has asked donors to defray some of the costs. Iraqi immigrants are taxing Syria's fragile economy in other ways. They have caused housing rents to skyrocket, strained Syria's infrastructure, and increased unemployment. To an extent, Syria's magnanimity towards Iraqi refugees has been premised on the assumption that they would soon return to Iraq and that the strains would therefore be temporary. The uncertain security situation in Iraq has cast doubt on that assumption. It is true that Iraqi refugees began to return to Iraq due to improvements in security as well as the fact that many could not find work in Syria and could not afford to pay the fifty dollars a month required by Syria to stay there legally. But many of the Iraqis who took advantage of the Iraqi embassy's offer of free “return journeys” to Iraq in late 2007 appear to have returned to Syria because of violence in Iraq.<sup>42</sup> Iraqi refugees have also put pressure on local schools, which they are

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<sup>40</sup> “Syrian, Iraqi Finance Ministers Hold Talks, Affirm Need to Develop Economic Ties,” *SANA*, November 24, 2007.

<sup>41</sup> “Syria, Iraq To Boost Economic Relations,” *Syrian Arab News Agency*, August 6, 2008; [www.zawya.com/Story.cfm/sidZAWYA20080807052725/SecCountries/paqSyria/chnSyria%20News/obj224038CA-8F1A-11D4-867000D0B74A0D7C/](http://www.zawya.com/Story.cfm/sidZAWYA20080807052725/SecCountries/paqSyria/chnSyria%20News/obj224038CA-8F1A-11D4-867000D0B74A0D7C/)

<sup>42</sup> Bassel Oudat, “Still on the Outside,” *Al-Ahram Weekly*, issue no. 910, August 14-20, 2008.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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allowed to attend and, as of December 2007, had taken on over forty thousand Iraqi students. And, they are stretching the capacity of Syria's health care system.

The Syrians' worry remains that Iraqi refugees, like Palestinian refugees in 1948, will become permanent residents, compounding economic burdens with political complications.<sup>43</sup> In terms of future economic cooperation, that eventuality would cut both ways. On the one hand, the costs of accommodating Iraqi refugees could diminish Syria's inclination and capacity to undertake risky ventures in or with Iraq. On the other hand, the economic desirability of repatriating some Iraqi refugees could increase Syria's incentive to help nurture Iraq's economic stability. These crosscutting considerations are likely to factor into Syrian–Iraqi economic relations.

## OIL

Syrian-Iraqi economic cooperation has been especially slow to recover in the oil sector. The closure of the Kirkuk-Banias pipeline by the Americans in April 2003 deprived the Damascus regime of not only oil for use at home but also the profits from its resale abroad. During the last years of his reign, Saddam, desperate for cash and a way to escape the grip of UN sanctions, sold oil to Syria at a fraction of the market value. This illicit arrangement proved enormously lucrative for both regimes. Saddam is estimated to have earned approximately \$2 million a day by selling oil directly to the Syrians before 2003. Syria, who sold the oil at the full market price on the international market and pocketed the profits from the resale, reportedly took in more than \$3 billion from the arrangement. These funds enabled the regime to keep its cash-strapped economy afloat as the country's diplomatic isolation was increasing.

Total Syrian oil export earnings are estimated to have fallen by more than \$1 billion between 2002 and 2004 due to the shutdown of the pipeline and the termination of the profitable oil sharing arrangement. Although the return of high oil prices in recent years boosted Syrian export earnings slightly, Syria's rapidly dwindling oil reserves have the regime increasingly worried about the future and looking to Iraq for salvation. Declining oil output is projected to cause a 13% drop in government oil revenue from 2007 to 2008. Syria was projected to produce 360,000 bpd in 2008, more than a 100,000-bpd drop from 2005 production levels.<sup>44</sup> Damascus has been importing oil to make up the

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<sup>43</sup> Nimrod Raphaeli, "Syria's Fragile Economy," *Middle East Review of International Affairs* 11, no. 2 (June 2007).

<sup>44</sup> "Syria Country Analysis Brief," Energy Information Administration, U.S. Department of Energy, March 2008, <http://www.eia.doe.gov/cabs/Syria/Full.html>

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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shortfall. Energy analysts now predict the country will become a net oil importer in the next few years. Making matters worse, the government has promised to phase out generous domestic fuel subsidies by 2010, a decision that could bring badly needed funds into Syrian coffers but is also likely to damage the regime's standing at home.<sup>45</sup>

These factors have made Damascus eager to get Iraqi oil flowing through Syrian ports again. Syria appeared one step closer to realizing this goal in 2007 when the two countries signed a deal to speed up renovation of the Kirkuk-Banias pipeline. At the signing ceremony in Damascus in December of that year, Iraqi Foreign Minister Hoshyar Zebari declared that the decision was a result of what his government felt was increased security cooperation on the part of the Syrians. The Russian firm Stroytransgaz has been invited to submit an offer on repairs. Once operational, the pipeline could net Syria an estimated \$1.5 billion a year in transit fees. Baghdad is also looking to develop a gas field near the Syrian border at Deir al-Zour, with plans to transport the gas via a central gas pipeline through Syria and on to European markets.<sup>46</sup> Thanks to Iraq, Syrian energy prospects in the near term are once again on the rise after years of decline. In the long term, however, the regime still has to confront the reality of rapidly falling domestic oil output.

## SYRIAN INTERESTS

Like all of Iraq's neighbors, Syria has economic and geopolitical interests in Iraq. However, unlike the more powerful nearby states—Iran, Turkey, and Saudi Arabia—Syria's ability to influence events on the ground is modest. On the political front, Syria, despite playing host to Iraq's current prime minister and president during the Saddam years, failed to cultivate these figures to the extent Tehran did and has far less leverage. Economically, too, Syria is at a disadvantage. Since the late 1990s, Syria's economic

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<sup>45</sup> Currently, the country buys oil at US\$0.50 per liter while selling it on the domestic market at the price of US\$0.14 per liter. The regime had previously announced plans to increase the price to US\$0.24 per liter but recent indications suggest Damascus may be reconsidering these plans. In November 2007, the government announced it was accepting bids for a smartcard system that would continue to provide quotas for households and businesses. See Economist Intelligence Unit Country Report: Syria, January 2008, 10-11.

<sup>46</sup> Unlike the pipeline linking Kirkuk to Turkey, which was also damaged in the war and has operated on-and-off in recent years despite numerous attacks by insurgents, the Kirkuk-Banias pipeline has been out of commission for more than four years. Khaled Yacoub Oweis, "Iraq Picks Russian Firm to Fix Syria Pipeline," *Reuters*, December 17, 2003; "Syria and Iraq to Rehabilitate Kirkuk-Banias Oil Pipeline," *Syrian Arab News Agency*, December 17, 2007 accessed at [www.sana.org/eng/24/2007/12/17/153515.htm](http://www.sana.org/eng/24/2007/12/17/153515.htm); "Iraq, Syria speed oil link restart," *Asharq al-Awsat* December 12, 2007 accessed at [www.asharq-e.com/news.asp?section=1&id=11142](http://www.asharq-e.com/news.asp?section=1&id=11142); "Gas Pipeline between Syria and Iraq," *IraqDirectory.com*, March 22, 2007.

position in the international system has been largely defined by its role as purveyor of Iraqi oil to the international market. Once Saddam's regime was toppled and Iraqi oil sales were unshackled, Syria's utility to the new Iraqi government was marginalized. Although a reasonably healthy bilateral trade relationship has survived the war, it is not so robust and one-sided as to translate into substantial leverage.

Syria's only real influence in Iraq therefore comes from the potential to make things worse. The regime can ratchet up pressure on Baghdad by allowing Sunni jihadists to cross the border and providing political support to the Iraqi opposition, but has little capacity to meaningfully enhance Iraqi security or contribute to its political stabilization. That is not to say that Syria has no stake in a stable and secure Iraq. In fact, in the words of one regime insider, Syria seeks a "relatively strong secular Iraq with a clear Arabic identity."<sup>47</sup> Such a circumstance would ensure that Iraq is a natural Syrian ally. But this objective is tempered by Bashar's determination, like his father's before him, to ensure that Syria remain—or now, perhaps, become—a serious regional player. And if the U.S. experiment in rebuilding the Iraqi state were to fully succeed, Syria's role as a traditional leader of the Arab world would be diminished and overshadowed by Iraq's transformative rise. Consequently, in the short and medium term, Damascus wants a legitimate seat at the table in order to influence Iraq's fate to the maximum extent possible without incurring Washington's wrath. From Bashar's perspective, the most favorable outcome in Iraq would be a relatively weak and compliant secular government, strong enough to hold the country together and protect its borders, but far short of the strongman model à la Saddam that would challenge Syria's role in the region.

## **SYRIA AND THE NEIGHBORHOOD**

During Bashar's tenure, there has been a sweeping shift in alignment among Syria's traditional enemies and friends in the region. The Tehran-Damascus alliance has grown stronger, despite differences over Iraq. But Syria has built bridges to Turkey, a former enemy, while antagonizing Saudi Arabia, which was once the regime's biggest supporter and provided millions of dollars to Damascus as a reward for its membership in the anti-Saddam coalition after the first Gulf War. The friction between Damascus and Riyadh has arisen in part over differences stemming from the situation in Lebanon since former Lebanese Prime Minister Hariri's assassination in 2005. Hariri had been a longstanding

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<sup>47</sup> Quote by Marwan Kabalan, an analyst at Damascus University's Center for Strategic Studies, in Ziad Haidar, "Iranian President Visits Syria," *Los Angeles Times*, July 20, 2007.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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friend of the Saudi royal family, and the Saudis saw Damascus's hand in Hariri's death. In turn, the Syrian regime has been annoyed by Saudi involvement in Lebanese affairs, including Riyadh's support for UN Security Council Resolution 1559 calling for Syrian troops to withdraw from Lebanon and for an international tribunal to investigate Hariri's death.

The relationship deteriorated further after President Asad gave a speech in August 2006 criticizing Arab leaders for their failure to support Hezbollah in its war against Israel, calling them "half-men." Saudi King Abdullah was reported to be particularly incensed by the comments, and a heated public war of words followed between Saudi and Syrian officials. Asad moved to quell the crisis in a March 19, 2007, interview with the Saudi daily *al-Jazirah* in which he described ties between the two countries as "historic and longstanding" and spoke of his warmth for the Saudi leader. The Syrian information minister and minister of expatriate affairs made additional statements praising Syrian-Saudi relations.<sup>48</sup> Yet despite Syria's overtures at reconciliation, the Saudis did not attend a meeting on Iraqi security hosted by Asad in August 2007. Syrian Vice President Farouk al-Shara responded to the snub by delivering a speech at Damascus University later that month in which he said the collapse of the Mecca Accord (in which Riyadh had brokered a short-lived Palestinian unity government) had left the Saudi government "semi-paralyzed."<sup>49</sup> Riyadh then accused Damascus of breaking Arab ranks and spreading chaos throughout the region. By the time of the Damascus Arab summit in March 2008, the rift had not been fully mended: while Saudi Arabia did not, as feared, boycott the meeting, it sent only a low-level delegation, as did Egypt, Jordan, and Lebanon.

In addition, Riyadh faults the Syrian regime for failing to stem the tide of Saudi jihadists crossing into Iraq from Syria. Although on at least one occasion Syrian authorities have detained Saudi jihadists en route to Iraq and handed them over to Riyadh, frequent reports that Saudi men make up the majority of foreign fighters in Iraq have embarrassed the kingdom's leadership.<sup>50</sup> In the larger geopolitical context of a

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<sup>48</sup> H. Varulkar, "Syrian Efforts to End Its Regional and International Isolation," *MEMRI*, March 29, 2007.

<sup>49</sup> Syrian papers had for months beforehand been claiming credit for the agreement, alleging that "the roots" of the agreement were put down in the January 21, 2007, meeting between PA President Mahmoud Abbas and Hamas leader Khaled Mashal in Damascus, much to the annoyance of Riyadh. Jeffrey Fleishman, "Ties Tense Among Arab Nations," *Los Angeles Times*, September 11, 2007.

<sup>50</sup> In May of 2005, the Saudi Interior Minister, Prince Naif, acknowledged that Syria had handed over more than 30 Saudis caught trying to enter Iraq from Syria. "Saudi Arabia: Syria Hands Over 'Saudi Fighters Trying to Reach Iraq,'" *Jihad Watch*, May 30, 2005, accessed at [www.jihadwatch.org/archives/006433.php](http://www.jihadwatch.org/archives/006433.php)

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
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perceived “rising Shia crescent” spearheaded by Iran in the Gulf, Riyadh is also worried by the ever warmer relationship between Damascus and Tehran.

Historically strained Syrian-Turkish relations, on the other hand, are on the mend. The ongoing rapprochement is driven in large part by common interests in stemming instability in Iraq and mutual fears about growing Kurdish nationalism. Syria explicitly opposed the 2003 war while Turkey implicitly did so by denying access to U.S. military forces preparing to attack Iraq. In addition to signing a military agreement with Ankara in 1999, Syria has shown it is taking Turkish security interests seriously by turning over terrorists apprehended on its territory who were connected to the 2003 bombings in Istanbul. The thaw in relations accelerated after Asad made a landmark visit to Turkey in 2004, signing several trade accords. Yet despite the rehabilitated relationship, several contentious diplomatic issues remain. Chief among them are Syrian territorial claims over Turkey’s southern province of Hatay. Like Baghdad, Damascus is also worried about maintaining access to water from the Euphrates River, which Turkey controls. Nevertheless, Syria continues to actively lobby for closer ties between the two neighbors, and in late 2007 hosted officials from Turkey and Iraq to discuss the water-sharing agreement. In January, Abdullah Dardari, Syria’s deputy premier for economic affairs, led a delegation to Istanbul for talks with his Turkish counterpart. Signaling growing economic and cultural linkages, the number of weekly flights between the two countries recently increased to twenty-four.<sup>51</sup>

Unlike other Arab countries in the region, Syria has actively embraced Shia Iran. The two countries have had extensive trade relations since the 1980s, when Syria backed Tehran in the Iran-Iraq War. Yet economic ties between the two countries have grown by leaps and bounds in the past few years. In 2007, trade between Syria and Iran reached \$240 million, up from only \$65 million in 2005. As late as 2006, however, Iran was still only the third-largest foreign investor in Syria, behind Saudi Arabia and Turkey. Since then, the Iranians have been working overtime to increase their share of the market. Total Iranian investment in Syria is estimated at \$1.5–3.0 billion.<sup>52</sup> In September 2007, Iranian officials unveiled plans for \$10 billion in new investment projects in Syria over the next five years.<sup>53</sup> If concluded, the deal will make Iran Syria’s number one foreign investor. Plans are also underway to open a free-trade zone and a joint Syrian-Iranian bank.

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<sup>51</sup> “Regional and International Economy,” *SANA*, January 4, 2008.

<sup>52</sup> “Iranian Trade Minister Discusses Boosting Cooperation with Syria,” *SANA*, January 24, 2008.

<sup>53</sup> “Iran Vows to Invest \$10 Billion in Syria,” *Fars News Agency*, September 15, 2007.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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Cultural ties between Syria and Iran have intensified, with up to half a million Iranian pilgrims visiting holy sites in Syria each year. In the political realm, the two countries announced the formation of a “united front” against common challenges in February 2005. Hardly a week passes without the arrival of an Iranian delegation in Damascus. Iranian President Mahmoud Ahmadinejad paid a congratulatory visit to Syria in July 2007, following Asad’s inauguration to his second term in office. Still, there are discernible and considerable differences between the two countries’ positions on central strategic issues. The most important of these is the political dispensation in Iraq: Iran favors a friendly Shia regime while Syria has backed Sunni claims and pushed for de-Baathification reform.

In the multilateral sphere, in July 2008, Bashar al-Asad visited Paris for French President Nicolas Sarkozy’s summit inaugurating the Union of the Mediterranean, which aims to bring the forty-three countries of the European Union, North Africa, and the Middle East closer together both economically and politically. Bashar was a guest of honor at the Bastille Day parade on July 14 along with the leaders from most of the other countries—including Israeli Prime Minister Ehud Olmert, although Bashar and Olmert pointedly avoided each other. French military academy students protested Syria’s support for Hezbollah, which was responsible for the deaths of fifty French paratroopers in Lebanon in 1983. Washington had admonished Paris that Syria, as an ally of Iran and a state sponsor of terrorism, should not be completely rehabilitated. Nevertheless, the invitation to the Syrian leader and his attendance appeared to signal political momentum towards ending Syria’s diplomatic isolation. And some diplomatic progress was made, as Bashar and Lebanese President Michel Suleiman agreed in principle to open embassies in Beirut and Damascus, respectively, and Turkish Prime Minister Recep Tayyip Erdogan relayed messages between Bashar and Olmert.<sup>54</sup>

The substantive promise of the Union of the Mediterranean as a vehicle of Syria’s redemption appears open to doubt. Worries about the democratic deficit in North Africa and the Middle East prompted Sarkozy to propose the body in a February 2007 campaign speech to coordinate activities related to migration, terrorism, and economic

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<sup>54</sup> See, for example, Katrin Bennhold, “In France, Syrian Stirs Tensions,” *New York Times*, July 15, 2008. Syria and Lebanon announced the formal launching of diplomatic relations on October 15, 2008, effective immediately, with embassies to open before the end of the year. Libyan leader Muammar Gaddafi, though also invited to Paris, did not attend the conference and expressed vehement opposition to the Union on the grounds that it was resonant of colonialism and imperialism and would divide the Arab world and sub-Saharan Africa. See “The View from Club Med,” *Economist*, July 14, 2008; “Gaddafi Slams Sarkozy’s Plan for ‘Union of the Mediterranean,’” *Agence de Presse Africaine*, July 11, 2008.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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development in close proximity to the Mediterranean. This plan, which initially bypassed the EU, produced accusations of French elitism and diplomatic presumptuousness by other EU members, and spawned the derisive nickname “Club Med.” Important players like Germany and Turkey still have reservations about the idea, and the fundamental—and incendiary—issue of whether to call Israel a nation-state in the founding declaration remains unresolved. But the Union has expanded to include the entire EU and a larger swath of North Africa and the Middle East, and thus acquired broader acceptance as an adjunct to the Barcelona Process (also known as the Euro-Mediterranean Partnership) and the European Neighborhood Policy (ENP), which are formally connected to the EU. New EU funds, however, have not been authorized, although Qatar and private donors may contribute money. As presently conceived, participation in the Union would remain project-specific, with an opt-out clause for those states who do not wish to be involved in particular efforts. So far, however, the focus of the Union is on economic investment and business-oriented initiatives. This feature has made the body attractive to authoritarian Arab regimes, like Damascus, which are almost uniformly enthusiastic about the initiative as a vehicle for economic regeneration and job creation that does not disturb entrenched commercial interests.

Given the Union’s shared presidency (one European country will hold the post jointly with one Mediterranean country), equal Arab participation could relieve a good measure of regional resentment toward the Barcelona Process and the ENP, which many have regarded as unfairly weighted in favor of the EU, and lead to more robust Europe–Middle East relations.<sup>55</sup> Such relations facilitate greater economic and diplomatic vitality for Syria. Still, human rights organizations are concerned that the opt-out provisions will marginalize democracy and rule of law considerations in the context of the EU’s relationship with the Mediterranean states. From the standpoint of security and stability, EU member states share that concern. Although the economic reform piece of the Union’s agenda may help tamp down Islamist radicalization and terrorism in southern Europe and North Africa, the countervailing concern is that unless that is combined with political reform within the ENP framework, economic advantages may continue to primarily benefit political elites rather than Middle Eastern populations at large.

Some Arab commentators also view the Union of the Mediterranean as a cynical device for positioning France alongside the United States as the reigning great power in

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<sup>55</sup> Dana Moss, “Defining a Better Mediterranean Union,” *Daily Star (Beirut)*, April 21, 2008.

the Middle East.<sup>56</sup> In any case, France's embrace and the attention of a new transregional organization are both aimed at stimulating palpably better behavior on Damascus's part in the domestic and international political arena—that is, to complement rather than obviate pressures on the regime originating from the United States, Saudi Arabia, the UN, and elsewhere. Accordingly, unless Syria delivers, the new and implicitly conditional forms of political support symbolized by Bashar's July visit to Paris are unlikely, by themselves, to extricate it from strategic isolation.

## **DAMASCUS'S RELATIONS WITH WASHINGTON**

In the run up to the 2003 Iraq war, Syrian actions can best be described as an attempt to walk a tightrope. While cautioning against war in its backyard, Syria nevertheless tried to avoid directly antagonizing Washington. Once the war began, however, Damascus found it increasingly hard to balance its own strategic interests in the region with those of Washington, which seeks to develop a strong but democratic Iraqi state. Iraqi Deputy Prime Minister Barham Salih has spoken of wanting Iraq to be “a point of convergence” for Syria and the United States.<sup>57</sup> But while Washington seeks stability and security in a self-sufficient Iraq, Syrian interests are best served by a stable but weak Iraq. In Syrian eyes, only such a scenario will convince Washington, as well as regional powers like Saudi Arabia, of Syria's centrality to the region.

That said, there is some overlap between American and Syrian interests with respect to Iraq. Neither wants outright chaos—in the form, for instance, of a civil war—to erupt, as it could destabilize the entire region. Both Washington and Damascus view al-Qaida and its brand of Islamic extremism as a threat. But the alignment of the two governments' strategic interests appears to be limited to these two points. Syria has long been viewed as a thorn in U.S. Middle East policy. Successive attempts by U.S. administrations to procure a Syrian-Israeli peace deal have failed, as have efforts to get the regime to cease supporting terrorist groups like Hamas and Hezbollah. Even so, the Bush administration came to power in 2001 with a cautiously optimistic view of the country and its young leader. Within the State Department, there were those who referred to the former ophthalmologist as the “Arab Gorbachev” and believed his emergence on the scene could lead to a new era in U.S.-Syrian relations. This optimism proved short-lived. By 2001, Syrian security forces were once again cracking down on

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<sup>56</sup> Hassan Nafaa, “Sarkozy Sells a Mirage,” *Al-Ahram Weekly*, no. 905, July 10-16, 2008.

<sup>57</sup> Quoted in Ibrahim Hamidi, “Iraqi Deputy Premier Cited on Talks in Syria, Growing Security Cooperation,” *al-Hayat*, December 18, 2007.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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dissidents and repressing free speech. By fall of that year, the “Damascus Spring” had all but receded into the pages of history.

After September 11, 2001, the White House began to view Syria solely through the prism of the war on terror. Although not labeled a member of the “axis of evil” in President Bush’s 2002 State of the Union address, Syria was nonetheless singled out as a pariah state by the new administration because of its support for Palestinian rejectionist groups and Lebanese Hezbollah. Still, the Bush administration, although initially slow to praise Damascus for its help, welcomed Syrian cooperation on al-Qaida. U.S. officials described their meetings with Syrian intelligence officers after 9/11 as yielding a “treasure trove” of intelligence.<sup>58</sup> To the dissatisfaction of the Syrian regime, however, cooperation on this issue was not enough to make Washington forget its objections to Syrian meddling in Lebanon or Damascus’s support for other terrorist groups. Increasingly frustrated by Syria’s refusal to sever links with Palestinian terrorist groups, Bush issued an ultimatum in April 2002, declaring it was time “for Syria to decide which side of the war against terror it is on.”<sup>59</sup>

Relations between Damascus and Washington took on heightened importance following Syria’s election to the UN Security Council in October 2002. As a result, Syria had a front-row seat for the next year and a half in that body’s deliberations during the run-up to the Iraq war. To Washington’s surprise however, Damascus—which was widely expected to be the lone holdout on the fifteen-member council—voted “yes” to Resolution 1441 calling for the creation of “an enhanced inspection regime to ensure Iraq’s compliance of its disarmament obligations” in November 2002.<sup>60</sup> The move, which cut against the friendly relations between Damascus and Baghdad during this period, was interpreted at the time as a Syrian olive branch to Washington.<sup>61</sup> But the Asad regime made its opposition to the war known in several other ways. Prior to the war, Syrian officials pointed out that the war would damage both Syrian and U.S. interests. Once hostilities broke out, Syrian officials spoke openly and frequently of their desire “to see the invaders defeated in Iraq.”<sup>62</sup> Six months into the war, however, Syria suddenly

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<sup>58</sup> Lawrence Kaplan, “Why Syria Isn’t ‘Next,’” *The New Republic*, April 21, 2003.

<sup>59</sup> “Mideast Turmoil: In Bush’s Words, ‘Break Free of Old Patterns,’” *New York Times*, April 5, 2002.

<sup>60</sup> UN Security Council Resolution 1441 (2002) accessed at:

<http://unbisnet.un.org:8080/ipac20/ipac.jsp?session=1201OU2D61729.44656&profile=voting&uri=full=3100023~!691820~!5&ri=4&aspect=power&menu=search&source=~!horizon>

<sup>61</sup> Syria did subsequently abstain from a UN Security Council resolution calling for additional scrutiny of exports to Iraq under the UN Oil-for-Food Program. See UN Security Council Resolution 1454 (2002) accessed at: <http://daccessdds.un.org/doc/UNDOC/GEN/N02/759/41/IMG/N0275941.pdf?OpenElement>

<sup>62</sup> Comments made by Syrian Foreign Minister Farouk al-Shara, quoted in, for example, David Shenker,

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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announced it would be willing to send peacekeeping troops to Iraq if Washington provided a deadline for the withdrawal of U.S. forces and agreed that the UN would oversee reconstruction efforts.<sup>63</sup>

Driving Syria's initial wartime conduct was concern that it would be the Bush administration's next target for regime change. Senior administration officials like Secretary of Defense Donald Rumsfeld did little to assuage this fear, instead deliberately preying on them by making bellicose statements designed to rattle members of the regime. U.S. officials first began to publicly criticize Damascus for what it saw as hostile actions in Iraq only a few weeks into the war. Administration hawks, including Rumsfeld and Deputy Defense Secretary Paul Wolfowitz, accused the Syrian regime of providing Iraq with night-vision goggles and Russian-made anti-tank weapons. The White House leveled additional accusations that the regime was harboring members of Saddam's family and former regime loyalists, and expressed concern over reports that Iraqi weapons of mass destruction (WMD) had found their way to Syria. A subsequent investigation by the U.S. government, however, found no evidence that Iraq moved weapons material, including WMD, to Syria before the war.<sup>64</sup>

By the fall of 2003, Washington's attention had turned to the flow of people and weapons making their way *into* Iraq from Syria. In 2004, Bashar angered the Bush administration by giving a television interview to *al-Jazeera* in which he defended the resistance in Iraq as legitimate. Washington also shifted jurisdiction of Syria and Lebanon from the European Command (EUCOM) to the Central Command (CENTCOM), regionally headquartered in Qatar, which is also responsible for Iraq and Afghanistan.<sup>65</sup> This new allocation of responsibility sent the message that U.S. military planning for Syria would be more closely linked to planning for Iraq, and suggested that Syria was becoming a more likely target for regime change. This prospect dimmed as the U.S. occupation became an increasingly problematic drain on resources. But even as late as 2007, the attitude still persisted among some administration officials in Washington that Syria was "low-hanging fruit."<sup>66</sup> Reinforcing this sentiment was the

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<sup>63</sup> "Duplicity in Damascus," *The Weekly Standard*, October 31, 2008.

<sup>63</sup> Nicholas Blanford, "Syria Offers to Send Peacekeepers to Iraq," *Christian Science Monitor*, September 23, 2003.

<sup>64</sup> Bill Gertz, "US Probe Focuses on Syria Weapons; Reports say Nation has Iraq Arms," *Washington Times*, September 17, 2003; Dana Priest, "Report Finds No Evidence Syria Hid Iraqi Arms," *Washington Post*, April 26, 2005.

<sup>65</sup> Kim Ghattas, "Syria Benefits from Iraq," *BBC News*, April 10, 2004, accessed at [http://news.bbc.co.uk/2/hi/middle\\_east/3610413.stm](http://news.bbc.co.uk/2/hi/middle_east/3610413.stm)

<sup>66</sup> Michael Gerson, "Trouble With the Neighbors," *Washington Post*, July 20, 2007.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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determination that Syria had been collaborating on a nuclear program with North Korea since 1997, and had made some progress on the construction of a nuclear reactor at Al Kibar until Israeli air strikes destroyed it in September 2007.<sup>67</sup>

While a U.S. military move against Syria is extremely unlikely—particularly after the Obama administration signaled its intention to pursue a policy of engagement with Damascus—U.S.-Syria relations remain stiff and diplomatic contacts irregular. Washington has only recently agreed to discuss issues relating to Iraq with Damascus, and then only briefly. At an international conference on Iraq in Sharm el-Sheikh, Egypt, in May 2007, Secretary of State Condoleezza Rice had a thirty-minute meeting with Syrian Foreign Minister Walid al-Moallem, asking him to do more to hinder the infiltration of foreign fighters into Iraq from Syria. Moallem, for his part, requested that the United States return to Damascus its ambassador, whom President Bush had recalled in 2005 after the Hariri assassination.<sup>68</sup> The White House and the State Department have strongly criticized meetings with Syrian officials undertaken by Speaker of the House Pelosi and other non-administration officials. But, while not directly relevant to Iraq, Syria's attendance at the November 2007 Annapolis peace conference, in spite of objections from allies like Iran and Hamas, and its participation in proximity talks with Israel sponsored by the Turkish government, gave some indication Syria was serious about resolving the Arab-Israeli conflict and generally lowered tensions between the United States and Syria.

## **JIHADISTS AND BORDER SECURITY**

Washington stepped up its monitoring of the Iraqi-Syrian border in summer 2003 in an effort to prevent not only regime loyalists from escaping to Syria but also foreign fighters from entering Iraq. In June 2003, U.S. forces inadvertently strayed into Syrian territory near Bou Kamal in pursuit of an Iraqi convoy suspected of carrying a high-value target believed to be Saddam Hussein. Five Syrian border patrol agents were wounded in the ensuing firefight, which Washington described as “regrettable and accidental.” After briefly detaining twenty Iraqis, U.S. forces allowed the convoy to travel on to Syria.<sup>69</sup>

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<sup>67</sup> Jeremy M. Sharp, *Syria: Background and U.S. Relations*, CRS Report for Congress, Order Code RL 33487, Congressional Research Service, updated May 1, 2008, 1-2.

<sup>68</sup> Helene Cooper and Michael Slackman, “Rice Meets Syrian Foreign Minister,” *New York Times*, May 3, 2007.

<sup>69</sup> “Air Strikes Bottle Up Syrian Border,” *The Weekend Australian*, April 12, 2003; Zachary Coile, “Bush Warns Syria to Give Up Baathists,” *National Post*, April 14, 2003; “US Injured Syrians in Border Fight,” *Guardian*, June 24, 2003; “US Hands Over 5 Syrian Soldiers,” *UPI*, June 30, 2003.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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Since then, U.S.-Syrian cooperation on the Iraqi-Syrian border has waxed and waned. In September 2004, the two countries briefly carried out joint military patrols on the border. The following year, however, coalition forces launched a new offensive near the border in an effort to disrupt the supply lines used by al-Qaida in Mesopotamia. Dubbed “Operation Steel Curtain,” the effort targeted the network of towns along the Euphrates Valley used by insurgents to smuggle weapons and fighters into Iraq from Syria. Two such hotspots of insurgent activity, the town of Qaim, located only two miles from the Syrian border, and the city of Tal Afar, were the sites of several bloody battles in 2005 and 2006.<sup>70</sup>

Although Syrian fighters were detained in Mosul during the opening salvos of the war, Syrian nationals have represented a relatively small portion of the Iraqi insurgency. One study of 139 suicide bombers in Iraq found only 7 were Syrian. The largest group, 53, were Saudis while the remainder had either Iraqi or Jordanian citizenship.<sup>71</sup> U.S. and Iraqi officials’ main concern has been the Syrian regime’s passive support for terrorism in Iraq by virtue of its repeatedly turning a blind eye to insurgent activity in Syrian territory. Last year, Iraqi government spokesperson Ali al-Dabbagh charged that “50% of murders and bombings [in Iraq] are by Arab extremists coming from Syria” while U.S. Brig. Gen. Kevin Bergner told reporters that 70% of the 60–80 foreign fighters entering Iraq in any given month came through Syria. In July 2007, Iraqi security forces seized two hundred explosive belts near the Waleed station along the Syrian border.<sup>72</sup>

While the regime may not initially have done enough to stem the flow, Syria has by no means proven invariably friendly to fighters wishing to make their way to Iraq. In 2005, the Syrian jihadist Web site *Minbar Suria al-Islami* posted a warning to those seeking jihad in Iraq. Calling the Syrian regime “one of the most tyrannical regimes against anything connected with Islam,” the post warned that “Syria is not the safest route to Iraq.” The author urged only the most committed jihadists to make their way north to Aleppo, “the point of departure for all Islamist and jihadist activity” but warned that even there, the local Sunni imams should not be trusted since they are under

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<sup>70</sup> “New US Offensive Near Iraq-Syria Border,” *Associated Press*, November 6, 2005. Note that a November 2007 Reuters story stated that an estimated 20,000 “Syrians” had traveled to Iraq to fight U.S. forces. Khaled Yacoub Oweis, “Doubts Linger as Syria Shows Iraq Border Security,” *Reuters*, November 18, 2007. While the article provided no source and little elaboration, this figure probably refers to the total number of foreign fighters who have crossed into Iraq from Syria rather than Syrian nationals.

<sup>71</sup> Hala Jaber and Ali Rifat, “Suicide Bombers Head to Iraq from Damascus,” *Sunday Times* (London), October 7, 2007.

<sup>72</sup> Louise Roug, “Iraq Accuses Syria of Helping Rebels,” *Los Angeles Times*, February 5, 2007; “Iraq Says 200 Explosive Belts Seized on Syrian Border,” *International Herald Tribune*, July 10, 2007.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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“intense surveillance and forced to cooperate with security forces.” Anyone wishing to cross into Iraq from Syria, the post continued, “must do so via groups related to the mujahideen in Iraq. There is no possibility for entering the country on an individual or haphazard basis.”<sup>73</sup>

Signaling a turnaround on the issue of jihadist access to Iraq through Syria, Gen. David Petraeus, commander of U.S. forces in Iraq, acknowledged in February 2008 that the flow of foreign fighters entering Iraq from Syria had dropped by half.<sup>74</sup> While U.S. officials have stopped short of attributing declining levels of violence in Iraq to Syrian border security and control, Iraqi authorities have publicly done so. Although there remain suspicions about the durability of Syria’s commitment, there is significant evidence of heightened Syrian efforts, including ramped-up equipment and visa checks, intensified vehicle patrols, reinforced sand barriers, new observation posts, and larger deployments of soldiers.<sup>75</sup> Improvements in U.S.–Syria relations with respect to counterterrorism, however, appear fragile. In October 2008, U.S. forces killed eight people in a helicopter-borne raid into Syrian territory. While American officials indicated that those killed were an Iraqi militant responsible for running weapons, money and foreign fighters across the Syrian border into Iraq and seven other militants, the Syrian government branded the incursion “terrorist aggression” and appeared to orchestrate mass anti-American protests in Damascus.<sup>76</sup>

## AL-QAIDA

As noted, the Syrian regime began cooperating with U.S. intelligence services on al-Qaida almost immediately after 9/11. Syria’s secular Baath Party had been at war with Sunni Islamic extremists for decades: in 1982, Hafez al-Asad ordered the total destruction of the old city quarter of the town of Hama to quell a Muslim Brotherhood rebellion, and Salafi groups like al-Qaida consider Shia Alawites like the Asads to be apostates. From a historical perspective, Syria became a natural ally for Washington. Indeed, Syrian authorities have been instrumental in the capture of several al-Qaida operatives, including Mohammed Haydar Zammar, the recruiter of 9/11 hijacker

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<sup>73</sup> “Syrian Web site Calls for Experienced Mujahideen, as Aleppo Becomes Key Point of Departure for Iraq,” *Terrorism Focus* (The Jamestown Foundation) 2, no. 13, (July 13, 2005).

<sup>74</sup> Dean Yates and Sean Maguire, “Foreign Militants Entering Iraq Down 50 pct.: Petraeus,” *Reuters*, February 11, 2008.

<sup>75</sup> Khaled Yacoub Oweis, “Doubts Linger as Syria Shows Iraq Border Security,” *Reuters*, November 18, 2007.

<sup>76</sup> See, e.g., Graham Bowley, “As if on Cue, Syrians Protest U.S. Incursion on Their Soil,” *New York Times*, October 30, 2008.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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Mohammed Atta, and Mamoun Darkazanli, Osama bin Laden's "financier in Europe."<sup>77</sup> Yet the Bush administration was initially slow to praise Damascus for its cooperation, prompting public indignation from Asad in 2003. Just prior to the start of the Iraq War, however, Bush administration officials did acknowledge that information shared by Syrian intelligence authorities led to the disruption of a plot against U.S. forces in the Gulf, saving American lives.

Although U.S.-Syrian cooperation on al-Qaida has stalled since 2003, Damascus continues to worry about Islamic extremism in its backyard. Al-Qaida leaders have repeatedly spoken in recent years of their intent to open a new front in Syria and in the Levant, and the Syrians are taking the threat seriously. Syria has come under attack from al-Qaida-linked jihadists on at least two recent occasions. In April 2004, militants attacked the diplomatic quarter in Damascus, leaving four people dead.<sup>78</sup> In September 2006, Syrian authorities foiled an attack on the U.S. Embassy in Damascus believed to be the work of Jund al-Sham (Soldiers of Levant), an al-Qaida offshoot.<sup>79</sup> A car-bomb attack near the office of a Syrian intelligence agency in Damascus killed 17 civilians and wounded 14 more in September 2008 – less than three months after a protracted battle between rioting Islamist prison inmates and Syrian security forces.<sup>80</sup>

## ARAB-ISRAELI PEACE PROCESS

Fruitful negotiations with Israel would take some American pressure off Syria, but the scope for such negotiations appears extremely limited. Although the main sticking point in the last round of talks related to the location of the international border with respect to the shoreline of the Sea of Galilee, and that issue may have become more tractable, Syria sent delegates to the November 2007 Annapolis meeting only because the Americans and Israelis met its insistence that the return of the Golan Heights be on the table. Annapolis also helped pave the way for the Turkish-sponsored indirect talks between Syrian and Israeli officials, and discussions have proceeded. Both sides, however, have indicated that a face-to-face meeting between Asad and Olmert remains far off.

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<sup>77</sup> Peter Finn, "Al Qaeda Recruiter Reportedly Tortured; Ex-Inmate in Syria Cites Others' Accounts," *Washington Post*, January 31, 2003; Peter Finn, "Syria Interrogating Al Qaeda Recruiter; Sept. 11 Plot Details Shared With US," *Washington Post*, June 19, 2002; John Crewdson, "Suspected bin Laden financier is arrested," *Chicago Tribune*, October 16, 2004.

<sup>78</sup> Ewen MacAskil, "Syria Blames al Qaida-linked Group for Attacks," *Guardian*, April 29, 2004.

<sup>79</sup> Megan Stack, "Syrians Foil Strike on US Embassy," *Los Angeles Times*, September 13, 2006.

<sup>80</sup> Robert F. Worth, "Car Bomb Kills 17 in Syria Near Intelligence Office," *New York Times*, September 27, 2008.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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Moreover, Israeli opposition to returning the Golan Heights to Syria has risen significantly since the May announcement that negotiations were underway, with a June 2008 joint Hebrew University and Palestinian Center for Policy and Survey Research survey finding that 67% of Israelis were against returning the Golan, compared to 56% just three months earlier. Furthermore, Damascus has continued to host Palestinian rejectionist groups and Iraqis opposed to the current regime in Baghdad, which is likely to diminish any Israeli and American receptivity to Syrian conditions for a deal. In any event, real progress appears out of the question until well into 2009 since Asad expects American mediation, which will become politically feasible only when the Obama administration has begun to implement its own Middle East policy. At a June 14, 2008, news conference with French President Sarkozy in Paris, Bush reasserted his inflexible approach to Asad, declaring his message to the Syrians to be, “Stop fooling around with the Iranians and stop harboring terrorists.”<sup>81</sup> The Syrian government could face countervailing pressure from rejectionist elements, potentially including Iran, Hezbollah, and al-Qaida.

## LEBANON

The tenuous situation in Lebanon also complicates Syria’s strategic position. Until the Hariri assassination in 2005, Lebanon functioned essentially as Syria’s client state, enabling Damascus, among other things, to provide vital military and political support to Hezbollah, which in turn afforded Syria strategic depth vis-à-vis Israel. International pressure forced Syria to end its overt political and military presence in Lebanon, and its freedom of action in Lebanon has since been limited, with Hezbollah growing closer to Iran. Nevertheless, a covert Syrian presence remains, as suggested by a string of assassinations of anti-Syria Lebanese politicians, security officials, and journalists.<sup>82</sup> Syria’s old guard maintains deep and robust commercial and personal connections to Lebanon, and still wields substantial influence over its political affairs, including Hezbollah’s strategy, logistics, and operational activities.<sup>83</sup> In May 2007, the U.S.-supported government of Fouad Siniora and his backers in the March 14 Movement—named for the day in 2005 that a million Lebanese gathered in Beirut to mourn Hariri’s assassination—moved to limit Hezbollah’s political arc by ordering a secure Hezbollah

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<sup>81</sup> “Bush, Sarkozy Slam Iran, Scold Syria,” *Associated Press*, June 14, 2008.

<sup>82</sup> The Congressional Research Service counts eight such victims. See Sharp, *Syria: Background and U.S. Relations*, CRS Report for Congress, 13-14.

<sup>83</sup> *Ibid.*, 9-10.

UNITED STATES INSTITUTE OF PEACE – WORKING PAPER  
Won't You Be My Neighbor

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telephone system dismantled. In response, Hezbollah mobilized and directly confronted the Siniora government, subduing Lebanese army elements in Beirut and establishing complete control over the city in the space of a day. The Lebanese army proved unwilling to fire on Hezbollah fighters.

Hezbollah thus demonstrated its unassailable position in Lebanese politics. Following a brief standoff, the Siniora government and Hezbollah opposition consented to a Qatari-brokered agreement that essentially awarded Hezbollah the veto power it had been seeking and overturned the government decisions that had triggered the showdown. In mid-June, U.S. Secretary of State Rice made a surprise visit to Beirut to put an American stamp of approval on the new Lebanese government. Syria- and Iran-backed Hezbollah gained power at the expense of the U.S.-backed March 14 Movement, and the Lebanese parties were unable to come together to elect a new president until six months after the expiration of President Emile Lahoud's term in November 2007. These realities mark a strategic failure for the Bush administration, which had expressed hopes of establishing Lebanon as a tiny oasis of democracy in a politically challenged region. By extension, Hezbollah's triumph served to consolidate, rather than further erode, Syria's residual power in Lebanon. Although a revelation of unequivocal evidence of Syria's complicity in Hariri's killing by the UN Special Tribunal for Lebanon, created in May 2007, would further limit Syrian leverage in Lebanon, such evidence appears unlikely to materialize—not least because some of Syria's erstwhile opponents would like to see it continue to emerge as a constructive regional player.<sup>84</sup>

## **SANCTIONS**

Syria has been included on the State Sponsors of Terrorism list since its inception in 1979. In May 2004, after initially opposing congressional calls for new sanctions for fear that it could cause Damascus to suspend its cooperation with Washington on al-Qaida, President Bush signed the Syria Accountability and Lebanese Sovereignty Restoration Act (SALSA) into law. Implemented through Executive Order 13338, the act lists "Syrian support for terrorism, involvement in Lebanon, weapons of mass destruction programs, and the destabilizing role it is playing in Iraq" as grounds for prohibiting the export of goods that include more than 10% American content. Since 2004, the Bush administration has renewed the SALSA sanctions four times, each time for an additional

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<sup>84</sup> See, for example, James Denselow, "The Axis of Pragmatism," *Guardian*, July 27, 2008, accessed at [www.guardian.co.uk/commentisfree/2008/jul/27/middleeast.syria](http://www.guardian.co.uk/commentisfree/2008/jul/27/middleeast.syria)

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year and most recently in May 2008. Sanctions against the Commercial Bank of Syria under the USA Patriot Act were levied in 2006, and since 2003 certain Syrian citizens have been denied access to the U.S. financial system as punishment for their destabilizing activities in Iraq and Lebanon.<sup>85</sup>

Designed to force the Syrian regime to change its behavior, U.S. sanctions have been ineffective and largely counterproductive.<sup>86</sup> U.S.-Syrian trade is up dramatically, with Syrian imports from the United States totaling more than \$61 million in September 2007 alone. The globalization of production has allowed American businesses like Kentucky Fried Chicken and Cargill to open offices in Syria. Even Ford cars—because they are manufactured in Germany, they meet the 10% American content restriction—can now be purchased in Damascus.<sup>87</sup> Opponents of U.S. economic coercion have argued that the sanctions have also succeeded in pushing Damascus into Tehran's arms.

## U.S. SUPPORT FOR SYRIAN OPPOSITION GROUPS

Washington has elicited the ire of Damascus by supporting Syrian opposition groups in Damascus and abroad. After the Hariri murder, administration officials unabashedly began to meet with Syrian opposition figures. In particular, a U.S. delegation, led by then–Principal Deputy Assistant Secretary of State for Near East Affairs, Elizabeth Cheney, hosted a group led by Syrian Reform Party leader Farid Ghadry. Later in 2005, State Department, National Security Council, and Defense Department officials also convened several lower-profile meetings with other opponents of the Syrian government.

In February 2006, the Bush administration advanced this policy by providing \$5 million in U.S. funding for Syrian “civil society.” Syrian leaders construed that term as code for “regime change,” and responded with a crackdown against civil society, arresting dozens of reformers. Damascus singled out Kamal Labwani, an outspoken critic of the Asad regime favoring closer U.S. ties who was arrested in November 2005 following his return from Washington. He had consulted with senior Bush administration officials responsible for democracy promotion, and President Bush lauded him by name

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<sup>85</sup> U.S. Department of State, “US Trade and Financial Sanctions Against Syria,” accessed at <http://damascus.usembassy.gov/sanctions-syr.html>. The Executive Orders in question are: [13315](#), [13224](#), [13382](#), [13338](#), [13399](#) and [13441](#). For a comprehensive and detailed accounting of U.S. sanctions, see Sharp, *Syria: Background and U.S. Relations*, CRS Report for Congress, 25-32.

<sup>86</sup> Yacoubian and Lasensky, *Dealing With Damascus*, 19-20.

<sup>87</sup> Julien Barnes-Dacey, “Even With Sanctions, Syrians Embrace KFC and GAP,” *Christian Science Monitor*, January 11, 2008.

in a speech after his arrest. For having met with U.S. officials, Labwani was charged with obscure crimes that carried the death penalty and in April 2007 convicted and sentenced to 12 years in prison.

## CONCLUSION

When Bashar al-Asad assumed the leadership of Syria after his father died in 2000, serious questions arose as to whether he could hold Syria's Baathist regime together. After the United States summarily defeated Saddam Hussein's army in 2003, genuine doubts emerged about whether Syria itself could weather Washington's aggressive agenda of democracy promotion, never mind maintain its pivotal strategic position in the Middle East. These doubts were compounded by Syria's loss of revenues from selling Iraqi oil after Saddam's regime crumbled, and intensified after the assassination of Rafik Hariri.

In this context, the regime's survival is a victory in itself. In fact, Bashar has managed to do considerably more. He has maintained control of domestic political forces, albeit with some difficulty. He has calibrated Syria's counterterrorism and counterinsurgency cooperation with the United States so as to secure leverage without antagonizing Washington to the point of military confrontation. He has digested Syria's weakened post-Hariri status in Lebanon and opportunistically squeezed maximum advantage from it by moving cautiously toward peace negotiations with Israel at a time when the intractability of the Israeli-Palestinian situation made Israeli and U.S. leaders desperate for signs of hope in the Arab-Israeli conflict. Against expectations, Damascus appears to have orchestrated at least a de facto "Syria first" approach to that conflict among U.S. and Israeli officials even though such an approach failed during the administrations of President Bill Clinton and Prime Minister Ehud Barak. While a deal on the Golan Heights will be difficult to reach, compelling economic considerations may keep Syria on the negotiating track.<sup>88</sup>

On balance, Syria's proximity to Iraq and U.S. counterinsurgency woes there have enhanced Bashar's regime security. While absorbing and otherwise accommodating Iraqi refugees remains an immense political and economic challenge for Damascus, the fact that Syria's cooperation is essential to establishing stability in Iraq would seem to guarantee it a place at the table. Other circumstances have strengthened its hand. The

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<sup>88</sup> Nawara Mahfoud and Robert F. Worth, "Syrians See an Economic Side to Peace," *New York Times*, July 29, 2008.

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Iraqi government has pressed Washington for a definite and accelerated timetable for U.S. military withdrawal, which dovetails with the policy of President-elect Barack Obama. As indicated by the Iraq Study Group's analysis and most other assessments, to maintain regional stability any such pullout would have to be accompanied by extensive diplomatic and operational cooperation on the part of Iraq's neighbors—in particular, Syria. Even if a quick drawdown becomes infeasible, continued Syrian accommodation on border security will be required. Beyond Iraq, increasing pressure for the United States to ameliorate the Arab-Israeli conflict, combined with the persistent dysfunction of Israeli-Palestinian relations, makes further Syrian willingness to negotiate with Israel all the more important. Thus, Syria will have a key role to play in the Obama administration's Iraq policy in particular and in Middle East/Gulf strategic affairs in general. Having outlasted President Bush, President Asad can look forward to being courted and engaged by President Obama in 2009.<sup>89</sup>

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<sup>89</sup> Yacoubian and Lasensky, *Dealing With Damascus*, 40-43, recommends "conditional engagement" whereby the United States would leverage Iraq and the Arab-Israeli peace process.

## **ABOUT THE AUTHOR**

Dr. Steven Simon, the Hasib J. Sabbagh Senior Fellow for Middle Eastern Studies at the Council on Foreign Relations, is the award-winning coauthor of *The Age of Sacred Terror and The Next Attack*. Simon is a former director for global issues and senior director for transnational threats at the National Security Council. He has taught at Georgetown University, Princeton University, and is widely published in both American and European policy journals. His areas of expertise include U.S. security policy in the Middle East and South Asia; Middle East politics; Palestinian-Israeli relations; transatlantic approaches to Islamic activism; terrorism and counterterrorism; and intelligence reform.

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