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The Dynamics and Evolution of UAE-Syria Relations: Between Expectations and Obstacles

Joseph Daher

**Wartime and Post-Conflict in
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The Dynamics and Evolution of UAE-Syria Relations: Between Expectations and Obstacles

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Executive summary

Since the beginning of the Syrian uprising in mid-March 2011, the United Arab Emirates has adopted a relatively ambiguous position regarding events in the country, officially supporting the Syrian opposition but maintaining various links with the Assad regime in Damascus. In 2015, the UAE began withdrawing from the Syrian conflict, investing its attention and resources increasingly in the war in Yemen. However, by 2018 the UAE was pursuing a rapprochement with the Syrian regime, re-opening its embassy in Damascus in December of that year. The ostensible purpose of this – to counter the deepening influence of Turkey and Iran in Syria – appears misguided in several respects.

On the economic front, there are potential opportunities for Emirati investment in various sectors in Syria, such as real estate, transport and trade. These sectors were all traditional beneficiaries of Emirati investment prior to 2011. The prospective return of UAE investment to Syria, however, is fraught with complications and obstacles in the short and medium terms, particularly in the light of US sanctions and economic difficulties in Dubai.

The potential for Syrian business people in the UAE to act as intermediaries for Emirati investors is somewhat limited. The vast majority of these people have little prospect of returning to the country, at least in the short term, as they would face difficulties and obstacles represented by the regime's business networks, which have consolidated their grip on the Syrian economy. Instead, business networks already close to the regime are currently those best positioned to play this intermediate role for Emirati investment.

Introduction

In late December 2018, the UAE reopened its embassy in the Syrian capital, Damascus, seven years after its closure. Sheikh Abdullah bin Zayed, the UAE Foreign Minister, later declared the step would help ensure that Syria recovered its place in the Arab world.¹ The reopening, which was followed by numerous bilateral visits by Emirati businessmen and officials to Syria and by a Syrian delegation to the UAE in January 2019, raised many questions in the media and in European diplomatic circles about the meaning and impact of what was presented as a change in UAE policy. Abu Dhabi, the most powerful emirate among the seven that make up the UAE, is the main driver of the country's foreign policy. By contrast, Dubai, whose influence stems primarily from its role as an economic and trading hub in non-oil sectors, has seen its political clout reduced since the financial crisis of 2008-2009.²

Many analysts have argued that the reopening of the embassy could have major consequences for the re-legitimation of the Syrian regime within the Arab world and the wider international community.³ Moreover, the potential return of Emirati economic investment to Syria has been the subject of much speculation. Reconstruction in Syria is today one of the most widely debated issues in academic and policy-making circles,⁴ and the potential sources of foreign financing to fund it remain highly uncertain. In this context, it is crucial to understand the possible role the UAE might play in Syria.

This study first looks at the fluctuating relations between the UAE and Syria since 2011, to help understand the UAE's possible incentives for investing in Syria. With its economic power and dynamic private sector, the UAE could effectively participate with much-needed capital in the massive reconstruction effort that Syria requires. As of December 2018, the UAE's gross domestic product (GDP) was reported to be 414 billion USD, making it the region's second largest economy after Saudi Arabia. This paper investigates the geostrategic and economic incentives and obstacles involved in Emirati reinvestment in Syria, the sectors likely to be targeted by Emirati businessmen and the networks and channels through which the UAE could (re-)invest in the country. The study makes extensive use of media reports, newspaper articles and interviews and informal discussions conducted with Syrian businessmen.

¹ Mina Aldroubi, "Syria Should Recover its Place in the Arab World, Says UAE Minister," *The National*, 6 March 2019, <https://bit.ly/2Hgkxgl>

² Matthias Sailer, "UAE Foreign Policy and the Crown Prince of Abu Dhabi, Hardly a Ruler in Waiting," *Qantara*, 26 March 2018, <https://bit.ly/2ZwU58A>

³ Giorgio Caferio, "Can Arab Gulf States Neutralize Iranian Influence in Syria?" *Inside Arabia*, 11 March 2019, <https://bit.ly/2HyzyFY>; Michael Young, "As Arab States Normalize With Syria, Will This Push Them to Finance its Reconstruction?" *Carnegie Middle East Center*, 24 January 2019, <https://bit.ly/2DxcIRT>; Imad K. Harb, "The Trickiness of Syria's Return to the Arab League," *Arab Center Washington DC*, 29 March 2019, <https://bit.ly/2mWWXO6>

⁴ Erwin Van Veen, "The Geopolitics of Syria's Reconstruction: a Case of Matryoshka," CRU Policy Brief (The Hague: Clingendael, April 2019), <https://bit.ly/2lZlTV6>; Eugenio Dacrema and Valeria Talbot, "Rebuilding Syria: The Middle East's Next Power Game?" ISPI Report (Milan: Italian Institute for International Political Studies (ISPI), 20 September 2019), <https://bit.ly/2Mifn4W>; Maen Tallaa et al., *Economic Recovery in Syria: Mapping Actors and Assessing Current Policies*, (Istanbul: Omran for Strategic Studies, 2019), <http://bit.ly/2lHvGit>; Steven Heydemann, "Beyond Fragility: Syria and the Challenges of Reconstruction in Fierce States," Report (Washington: Foreign Policy at Brookings, June 2018), <https://brook.gs/2TJGSam>; Joseph Daher, "The Political Economic Context of Syria's Reconstruction: a Prospective in Light of a Legacy of Unequal Development," Research Project Report (Florence: European University Institute, December 2018), <https://bit.ly/2GGRYbs>

1. Syria and the UAE: an Ambiguous Relationship

Before the 2011 uprising, many Gulf monarchies, including the UAE, enjoyed relatively positive relations with Damascus. After a period of high tension, especially following the assassination of the Lebanese Prime Minister, Rafic Hariri, in 2005, relations calmed down and normalised after the Doha Agreement of May 2008.⁵ This translated into increasing levels of investment by Gulf monarchies in Syria in the late 2000s.

1.1. Supporting the Syrian Opposition, but Maintaining Ties with the Regime

In the early stages of the Syrian uprising, Gulf rulers tried to engage with the regime to facilitate a peaceful solution to the protests,⁶ preferring not to see Assad ousted from power. The UAE and Saudi Arabia were especially worried about the regional trend of uprisings, while Qatar wished to maintain its good relations with Damascus, which had been a close ally prior to 2011.⁷

However, after the Saudi Arabian King Abdullah bin Abdulaziz al-Saud condemned Bashar al-Assad's "killing machine" and called for a stop to the bloodshed in August 2011,⁸ the UAE joined its counterparts in the Gulf Cooperation Council (GCC) to denounce the Syrian regime's actions against protesters at the end of summer 2011. Along with the five other members of the GCC, the UAE eventually closed its embassy in March 2012, declaring support for the "legitimate aspirations of the Syrian people to restore security and stability to the country" on various occasions in the following years.⁹

The UAE became a member of the international coalition of states opposed to the Damascus regime known as the 'Friends of Syria' at its first meeting in Tunis in February 2012. In 2013, the UAE was one of the 'London 11' states which met the opposition's Syrian National Coalition in the British capital.¹⁰ Within Syria's political and armed opposition bodies, the Emirates has always supported personalities and groups opposed to, or not supportive of, the policies of the Muslim Brotherhood (MB). For example, in July 2013 it backed the newly-elected president of the Syrian National Coalition, Ahmad Jarba, a tribal leader from the Shammar clan in the north-eastern Syrian province of Hasakah, well-known for its close links with Saudi Arabia. In 2016, the UAE and Egypt continued to support Jarba, who launched a new opposition movement in Cairo called 'Syria's Tomorrow' (*al-Ghad al-Suri*).

Although its role was less prominent than those of Saudi Arabia, Qatar and Turkey, the UAE also backed armed opposition groups, mainly between 2012 and 2018. These were mostly non-Islamist battalions of the Free Syrian Army, vetted to ensure they were anti-Brotherhood and anti-jihadist. Emirati support for the groups was provided through programmes run by the US Central Intelligence

⁵ The Doha agreement cleared the way for the presidential election and the formation of a government of National Unity in Lebanon in November 2009. Bilal Y. Saab, "Syria Seeks Change: On Its Own Terms," *Brookings*, 17 November 2008, <https://brook.gs/2VaoSHC>. After this, relations between Syria and Saudi Arabia warmed considerably, with the Saudi king visiting Damascus and Assad visiting Riyadh three times in 2009 and 2010.

⁶ In April 2011, the UAE Foreign Minister met President Bashar al-Assad in Damascus twice and handed over a message from Sheikh Khalifa bin Zayed al-Nahyan, the ruler of the UAE, regarding developments in the region. Syrian Foreign Minister Walid al-Moallem paid an official visit to the UAE on 5 June 2011 and met Sheikh Mohammed bin Zayed al-Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces.

⁷ Before 2011, Sheikh Hamad of Qatar actually championed the international rehabilitation of Bashar al-Assad against the ostracism of Damascus by the United States, Europe and other Arab states.

⁸ Elisabeth Flock, "Saudi King Abdullah to Syria: 'Stop the Killing Machine'," *Washington Post*, 8 August 2011, <https://wapo.st/33asvA1>

⁹ Gulf News, "UAE Reaffirms Support for Syria," 25 September 2013, <https://bit.ly/2LM0I36>

¹⁰ Gov UK, "'London 11' Meeting on Syria," Press release, 22 October 2013, <https://bit.ly/2IKPDos>

Agency, notably in southern Syria through the Military Operations Center based in Jordan.¹¹ Khaled Mahamid, a Syrian businessman based in the Emirates since 2000, was deemed the UAE's man in the Syrian opposition, especially in his hometown of Daraa. Mahamid became the chief intermediary providing Emirati funding to armed opposition groups in the Southern Front coalition.¹² The Emirates also funded Jarba's militia in the northeast, the Syrian Elite Forces (SEF), which were established in May 2016¹³ and fought alongside the Syrian Democratic Forces (SDF) as official members of the US-led international coalition fighting Islamic State.¹⁴

By late 2011, the Emirates had also started welcoming the activities of Syrian businessmen residing in the UAE who were opposed to the Damascus regime. In November 2012, the Dubai Chamber of Commerce and Industry organised a 'Partnership to Invest in Future Syria' Conference under the patronage of the UAE Ministry of Foreign Affairs¹⁵ and with the participation of numerous UAE-based Syrian businessmen to discuss opportunities to build the Syrian economy in a post-Assad era. Syrian businessmen at the conference declared they would invest 1 billion USD in various sectors of the Syrian economy (real estate, services, health and education) in the event that the Assad regime fell.¹⁶

However, the UAE's behaviour differed in certain aspects to that of Saudi Arabia and Qatar, which were leading the regional Arab opposition to Damascus. The UAE never completely abandoned the traditional positions it had taken since the beginning of the 2011 uprisings: preventing radical change by supporting authoritarian regimes; opposing democratisation; and fighting against Islamic fundamentalist and jihadist groups. This was reflected first in its political and economic support, worth 4.9 billion USD, for the new Egyptian military-backed government following the army-led coup in July 2013 against the Muslim Brotherhood government led by President Mohamed Morsi. Regarding Syria, the UAE never entirely cut diplomatic relations with Damascus and the Syrian embassy continued to operate in Abu Dhabi. Moreover, the Emirates opened its doors to a number of Assad's close relatives, including his mother, Anisa (who died in the UAE in 2016), and his sister Bushra (whose husband, General Assef Shawkat, was killed in a bombing in Damascus in July 2012) along with her children.

Several internationally-sanctioned pro-regime businessmen have also continued to do business through local companies with relative freedom in the UAE, including Bashar al-Assad's first cousin, Rami Makhoul, and Samer Foz. Many other Emirati businessmen known to be close to the UAE government also maintained relations with Damascus long after the eruption of Syria's protest movement. Some established new companies in Syria and/or opened branches of their UAE-based companies in the country. For example, Abdul Jalil al-Blooki, a businessman close to the ruling family in Abu Dhabi, established a development and investment company in Syria in 2013.¹⁷

¹¹ International Crisis Group, "Keeping the Calm in Southern Syria," (Beirut/Amman/Brussels, 21 June 2018), <https://bit.ly/2MLik8T>

¹² The UAE also provided 55,000 food baskets per month in southern Syria, which were distributed to different civil society organisations and armed opposition factions. Hiba Mohammad, "Syrian Opponents to al-Quds al-Arabi: Deputy Chairman of the 'High Commission' behind the Freezing of the Daraa Fronts with UAE Support" (in Arabic), *Al-Quds*, 25 May 2018, <https://bit.ly/2pXODiJ>

¹³ The SEF is primarily composed of two influential Arab tribes in north-eastern and eastern towns in Syria: al-Shu'aytat and Shammar.

¹⁴ The UAE participated in the US led anti-IS coalition in Syria, which was formed in September 2014. Abdulrahman al-Masri, "The Decline of the Syrian Elite Forces," *Atlantic Council*, 6 September 2017, <https://bit.ly/2Mv5YHE>

¹⁵ Dubai Chamber, "Dubai Chamber Organizes the 'Partnership to Invest in Future Syria' Conference," 30 October 2012, <https://bit.ly/2kEN32V>

¹⁶ Dubai Chamber, "Partnership to Invest in Future Syria Held in Dubai," 22 November 2012, <https://bit.ly/2IKbJY3>

¹⁷ Syrian Days, "Emirates Company for Development and Investment in Syria" (in Arabic), 23 March 2013, <https://bit.ly/35mwyei>

Many UAE-based individuals and companies also actively aided Assad's war effort. In 2013, Computerlinks FZCO, a distribution company in Dubai, agreed to pay a 2.8 million USD civil penalty for shipping embargoed US equipment to the Syrian government to monitor and control internet traffic.¹⁸ Others provided the Syrian regime with the fuel it needed to operate its war machine.¹⁹ In addition, Dubai-based Yona Star acted as shipping agent for the Syrian Air Force, Syrian Air Force Intelligence, the Army Supply Bureau and the Scientific Studies and Research Centre (SSRC), which has been developing the regime's biological and chemical weapon capabilities.²⁰

Finally, throughout the years of conflict, the UAE maintained a high level of humanitarian assistance to Syria through UN agencies based in Damascus working in close coordination with the Syrian government.²¹ UAE foreign assistance to Syria reached 3.59 billion AED (977 million USD) between 2012 and the beginning of 2019 according to the UAE Ministry of Foreign Affairs and International Cooperation and UAE AID.²² By comparison, the Emirates' financial assistance to the opposition-affiliated Syria Reconstruction Trust Fund had amounted to just 23 million USD as of February 2019.²³

1.2. Gradual Withdrawal from the Syrian Arena

The implicit willingness of some Gulf monarchies to normalise relations with Damascus became explicit in summer 2018. Leading the way were the UAE and Bahrain,²⁴ which both re-reopened their embassies in Syria in December 2018. In May 2019, during the month of Ramadan, the UAE embassy in Syria distributed food packages bearing the emblem of the Emirates in Marjeh Square in central Damascus. It also bankrolled two Syrian soap operas airing exclusively on Abu Dhabi TV.²⁵

This shift in UAE foreign policy regarding the Syrian conflict has its roots in regional developments in 2014 and 2015. First, starting in 2014 in the aftermath of Muammar Gaddafi's downfall, the UAE (re-)intervened in Libya with airstrikes against Islamist-led groups supported by Turkey and Qatar, supporting the Libyan National Army forces loyal to Field Marshal Khalifa Haftar.²⁶ Second, it played an active role in the Saudi-led war against Yemen which started in March 2015, providing political, economic and military support to the Southern Transitional Council in Yemen.²⁷ Having secured its

¹⁸ United States Department of Commerce, "Order Relating to Aiman Ammar, Rashid Albuni, Engineering Construction & Contracting Co., Advanced Tech Solutions and iT Wave FZCO," 2013, <https://bit.ly/2z7zn47>

¹⁹ In July 2014, Pangates International Corporation was sanctioned for supplying the Syrian government and Sytrol, a state-owned oil company, with a large amount of speciality petroleum products between 2012 and 2014. Caline Malek, "US Sanctions Sharjah Company for Sales to Syria," *The National*, 15 July 2014, <https://bit.ly/2nNNitK>

²⁰ US Department of Treasury, "Treasury Sanctions Networks Providing Support to the Government of Syria," 21 July 2016, <https://bit.ly/29YCwrk>

²¹ Reinoud Leeders and Khoulood Mansour, "Humanitarianism, State Sovereignty and Authoritarian Regime Maintenance in the Syrian War," *Political Science Quarterly* 133(2), July 2018, 225-257.

²² Emirates News Agency, "UAE Aid to Syria Reaches AED3.59 billion from 2012-2019," 25 January 2019, <https://bit.ly/2m96lby>

²³ Syria Recovery Trust Fund, 13 February 2019, <https://bit.ly/2BrrdVs>

²⁴ Associated Press. "Syria's Assad Reaches 'Understanding' with Arab States," *VOA News*, 3 October 2018, <https://bit.ly/2lQOUlo>

²⁵ Asia Times, "UAE Using Soft Power in Syria After 7-Year Frost," 31 May 2019, <https://bit.ly/31S51Pl>

²⁶ Andrew McGregor, "Egypt, the UAE and Arab Military Intervention in Libya," *Terrorism Monitor Volume: 12 Issue: 17*, 5 September 2014, <https://bit.ly/2VUT5cO>

²⁷ Sana'a Center for Strategic Studies, "The Southern Implosion – The Yemen Review, August 2019," 4 September 2019, <https://bit.ly/2MnEGTk>

interests,²⁸ and facing Western pressure to end the war, the UAE announced a reduction of its military presence in Yemen in August 2019, scaling back its efforts against the country's Houthi militants. Finally, the Emirates and Saudi Arabia were the main actors severing political, trade and transport ties with Doha in June 2017, accusing Qatar of supporting terrorism, fomenting regional unrest by backing movements such as the Brotherhood and Hamas, and getting too close to Iran – all of which Doha denied. Riyadh and Abu Dhabi sought above all to curb Qatar's foreign policy and subordinate it to their own regional agendas.

From that time onwards, the UAE's regional priorities have been the wars in Yemen and Libya, rivalry with Qatar and tensions with Iran. From 2015, the UAE decreased its participation in the US-led anti-IS coalition in Syria to significantly involve itself in military operations in Yemen. As the likelihood of the Syrian regime falling appeared increasingly slim, especially after Moscow's large-scale military and aerial intervention against the armed opposition in September 2015 in support of Damascus, Abu Dhabi gradually softened its official opposition to the Assad regime. Indeed, it went further by playing a role in freezing the military fronts in Daraa and Quneitra governorates and threatening to cease funding the Southern Front on several occasions in 2017 and 2018. Finally, through Khalid al-Mahamid, it pushed the armed opposition groups to negotiate a Russian-brokered 'local reconciliation agreement' with the Syrian regime, which led to the rebels surrendering in July 2018.²⁹

Following these major changes and political evolutions in the regional scene, Emirati officials justified their decision to resume relations with Damascus in 2018 with what they called the necessity of reactivating an Arab presence and role in Syria. The officially-stated purpose was to counter the deepening influence of Turkey and Iran in the country.³⁰ A year earlier, the UAE Foreign Minister Sheikh Abdullah bin Zayed al-Nahyan had already urged Iran and Turkey to end what he called their "colonial" actions in Syria and their attempts to reduce the sovereignty of the Syrian state.³¹

Indeed, tensions over several regional political issues between the UAE and Turkey have steadily increased in recent years, especially after the Egyptian military coup in summer 2013. These issues include Turkey's alignment with Qatar,³² competing political and economic interests in the Horn of Africa³³ and the Libyan conflict, in which they support opposing actors. Turkish President Recep Tayyip Erdogan has even accused the UAE of supporting the 2016 coup attempt by a small contingent of the Turkish army.³⁴ From the perspective of the UAE rulers, one of the main points of contention has been Turkey's support for the Muslim Brotherhood and other Islamic fundamentalist movements

²⁸ The UAE took over Socotra after establishing a military base on the Yemeni island and carrying out extensive social and economic development. Socotra's strategic location in the middle of one of the world's most important oil trading routes enables the UAE to control trade through the Suez Canal and the Bab al-Mandeb Strait between Yemen and the Horn of Africa. Youssef Igrouane, "Is the UAE Gearing Up to Annex Yemen's Socotra Island?" *Inside Arabia*, 26 April 2019, <https://bit.ly/2Vtnpi1>

²⁹ Hiba Mohammad, "Syrian Opponents to 'Al-Quds al-Arabi'" (in Arabic), *Al-Quds*, 25 May 2018, <https://bit.ly/2pXODiJ>; Abdullah al-Jabassini, "From Rebel Rule to a Post-Capitulation Era in Daraa Southern Syria: The Impacts and Outcomes of Rebel Behaviour During Negotiations," Research Project Report (Florence: European University Institute, February 2019), <https://bit.ly/2nnQ0q4>

³⁰ Hashem Osseiran, "UAE Reopens Embassy in Damascus after Six Years" *The National*, 27 December 2018, <https://bit.ly/2Nh5aYU>.

³¹ Emirates News Agency, 'UAE Press: There is no Room for Colonialism in Today's World,' 31 August 2017, <https://bit.ly/2pRigCf>

³² In June 2017, among a list of 13 demands to Qatar the UAE actually demanded the removal of Turkey's base in Doha as one of its conditions for lifting the blockade on Qatar, underscoring its opposition to Turkish influence and presence in the region.

³³ In Somalia, a fight for control of ports and maritime routes has pitted Turkey and Qatar against Saudi Arabia and the UAE.

³⁴ Samuel Ramani, "UAE Steps Up Anti-Turkey Efforts in Syria," *al-Monitor*, 25 February 2019, <https://bit.ly/31QCtpD>

since 2011, which they perceive as a significant threat to their own rule and to regional stability. Since then, Abu Dhabi's ambition has been to contain these efforts by Turkey. After Ankara expanded its sphere of influence in northern Syria and became one of the three leading international actors (along with Russia and Iran) in the so-called Astana diplomatic process, the Emirates condemned the Turkish-led Operation Olive Branch in Afrin in Syria in March 2018. The UAE's opposition to Turkish influence in Syria has notably led the Emirates to express sympathy with the Syrian Kurds³⁵ and in August 2018 to announce financial support worth 50 million USD for the US stabilisation programme in the SDF-controlled part of Raqqa governorate. In October 2019, the UAE Ministry of Foreign Affairs condemned the latest Turkish military offensive in northeast Syria, saying it represented "an unacceptable, flagrant assault on the sovereignty of a brotherly Arab state in defiance of international law and a blatant interference in Arab affairs."³⁶

As for Iran, the UAE has long been concerned by the threats it poses but has always sought to avoid a direct collision course when countering it. The UAE's official position is that the Iranian programme to develop advanced ballistic missile capabilities must be curtailed.³⁷ The UAE has therefore been a critical player in the US administration's agenda putting 'maximum pressure' on Tehran. However, hostility between the UAE and Iran diminished in summer 2019. For the first time since 2013, in an apparent bid to calm tensions in the Gulf,³⁸ maritime security talks between Tehran and Abu Dhabi were held; a memorandum of understanding to reinforce border security between the two countries was signed in August 2019;³⁹ and the Joint Emirati-Iranian Border Committee resumed its activities for the first time in six years. At the same time, the UAE announced a reduction of its military presence in Yemen, a step which was seen positively by Iranian officials.⁴⁰

The lack of political coherence in US foreign policy towards Iran⁴¹ and Washington's reluctance to protect its Gulf allies have caused the Emirates to fear being isolated in a potential confrontation with Iran, pushing the UAE to pursue some form of direct understanding with Tehran. Moreover, its attempt to seek more stable relations with Iran was widely perceived in the region as a way for it to guard its reputation as a safe and dynamic business hub. Emirati officials feared any possible Iranian attempts to launch direct attacks on their territory could endanger their economic and political stability.⁴² Finally, concerns in Dubai, which has maintained close economic relations with Tehran, also tempered the UAE's policy toward Iran, especially when compared with that of Saudi Arabia.⁴³

Appeals for de-escalation have not, however, modified the UAE's official position towards Iranian intervention and influence in the regional arena. Iranian influence in Syria is perceived in Abu Dhabi

³⁵ Kosar Nawzad, "UAE Reiterates Support for Syria's Kurds," *Kurdistan 24*, 31 January 2019, <https://bit.ly/2KFuhmh>

³⁶ Ministry of Foreign Affairs and International Cooperation, "UAE Condemns Turkish Military Aggression in Syria," 10 October 2019, <https://bit.ly/31ZmUfi>

³⁷ Liz Sly, "The UAE's Ambitions Backfire as It Finds Itself on the Front Line of US-Iran Tensions," *The Washington Post*, 11 August 2019, <https://wapo.st/2KLiCkC>

³⁸ The de-escalation came after attacks on UAE tankers and other vessels off the UAE coast (near Fujairah, which handles 70 percent of the UAE's oil exports) in May and June 2019. Unlike Washington and Riyadh, Abu Dhabi did not directly name Teheran as being responsible for limpet mines exploding on tankers off the UAE coast in June 2019.

³⁹ Doha Institute, "Changes in UAE Policy: Reasons and Motivations," 8 August 2019, <https://bit.ly/2nqVyzD>

⁴⁰ Middle Eye, "Iranian press review: Gulf Tensions Bring Unlikely Friends Iran and UAE Closer," 8 August 2019, <https://bit.ly/2ZM8EFY>

⁴¹ Washington put an end to the 2015 nuclear deal and deepened sanctions against Iran while more recently calling for direct negotiations with Teheran and Iranian President Hassan Rouhani to end the confrontation over the 2015 deal.

⁴² Iranian forces could easily target UAE oil installations with short-range rockets. The attack on Saudi Arabia's Abqaiq oil processing plant on 14 September 2019 strengthened fears of a possible attack against its infrastructure. On 18 September 2019 Yemen's Houthi group actually stated that it had identified dozens of sites in the UAE as possible targets. Reuters, "Yemen's Houthis Threaten to Attack United Arab Emirates Targets," 18 September 2019, <https://reut.rs/2kFgr9v>

⁴³ Giorgio Cafiero, "The UAE and Iran's Maritime Talks," *Lobe Log*, 6 August 2019, <https://bit.ly/2GQjx1Y>

as a negative element and an important challenge to its own future rapprochement with Syria. However, the ambitions of certain Gulf monarchies to distance Damascus from Tehran appear unrealistic, at least for the foreseeable future. While before the war Syria was able to balance its international relationships between the two networks by simultaneously maintaining close relationships with Iran and Russia, its two closest allies, and reviving a detente with Western states and Gulf monarchies, Iran has since then considerably increased its influence and presence in Syria.

2. An Interest in Reinvesting in Syria Thwarted by Several Obstacles

Following several bilateral visits by UAE businessmen and officials to Syria, and by a Syrian delegation to the UAE in January 2019, an Emirati delegation attended the 61st session of the Damascus International Fair between 28 August and 6 September 2019. It comprised approximately 40 persons, including members of the seven emirates' Chambers of Commerce.⁴⁴ On arriving in Damascus, Abdullah Sultan al-Owais, Chairman of the Sharjah Chamber of Commerce and Industry and Vice-President of the Federation of UAE Chambers of Commerce, stated that the presence of the UAE delegation at the event reflected a deep desire to push forward economic relations between the two countries.⁴⁵ Some Emirati entrepreneurs and economic actors also stated that reconstruction in Syria represented a great opportunity for companies across the region, including in the Emirates.⁴⁶ For their part, officials in Damascus and Syrian businessmen close to the regime have welcomed the UAE's official position of re-establishing relations with Syria because of the UAE's investment potential.⁴⁷ The Syrian regime is indeed in dire need of capital and investment, as its reserves have dwindled in recent years and the Syrian pound continues to depreciate, fluctuating at around 635 to the US dollar at the end of September 2019.

Conference Gathering Syrian and Emirati Businessmen and Representatives of Economic Chambers



Source: Damascus Chamber of Industry

⁴⁴ Abu Dhabi, Dubai, Fujairah, Ras al-Khaimah, Ajman, Sharjah and Umm al-Quwain.

⁴⁵ Private Sector – Damascus International Fair 61 (in Arabic), *Facebook*, 28 August 2019, <https://bit.ly/2Lb02mb>

⁴⁶ Ziad Awad, “Why 2019 and 2020 will be Great Vintage Years for Investing in the UAE and KSA,” *Entrepreneur*, 20 August 2019, <https://bit.ly/2ITeB5e>

⁴⁷ Damascus Chamber of Industry (in Arabic), *Facebook*, 29 August 2019, <https://bit.ly/2IrZSq8>

2.1. Reinvest in the Same Sectors as Before 2011?

Before 2011, the UAE was Syria's second-largest Arab investor, mostly in real estate and tourism complexes,⁴⁸ with a total investment value of around 20 billion USD by 2011, although a single project accounted for three quarters of this amount. Nonetheless, the remainder amounted to around 5 billion USD, which helped rank the UAE as Syria's largest source of FDI during the 2000s. In 2009, trade between the two countries reached 322 million USD, putting Syria in 58th position in terms of UAE non-oil trade with other countries, while more than a thousand Syrian companies were operating in the UAE in 2007.⁴⁹ UAE investment in the Syrian banking sector was limited to Emirates Islamic Bank 10 percent stake in al-Baraka Bank Syria.⁵⁰

Real Estate and Luxury Projects

Before 2011, the most important UAE investments and joint ventures in Syria were in large luxury real estate projects, such as UAE-based Majid Al Futtaim's (MAF) 1 billion USD stake in the Khams Shamat tourism development in Damascus⁵¹ and a 15 billion USD plan to build Bonyan City, a tourism and real estate project in the countryside near Damascus.⁵² In addition, the Eighth Gate project, which included the new Damascus Stock Exchange and other commercial, retail and leisure spaces, was led by Emaar-IGO, a joint venture between Emaar Syria and Dubai-based Investment Group Overseas (IGO). It was valued at between 500 million and 1 billion USD.⁵³ Emaar also owned the Damascus Hills project, which established the Damascus IT digital city and included a range of villas and apartments, offices and commercial centres worth half a billion USD. Moreover, the Emirati contractor company Arabtec Construction won a 67 million USD contract in February 2010 to build the Yasmeen Rotana Hotel in Damascus.⁵⁴ However, most of these projects were not completed by 2011 and were interrupted by the beginning of the uprising in mid- March 2011.⁵⁵

Perhaps unsurprisingly, since mid-2018 the UAE has shown interest in new luxury real estate opportunities in Syria, especially the well-known Marota City project in Damascus.⁵⁶ In August 2018, UAE citizen Abdul Jalil al-Blooki, deputy chairman of Aafaq Islamic Finance, a Sharia-compliant financial services firm, and head of the Syrian Emirates Private Development and Investment Company LLC, visited the premises of Damascus Cham Holding and expressed interest in investing in the Marota City development.⁵⁷ A few months later in January 2019, a Damascus Cham Holding delegation, represented by its former Chief Executive Nassouh Nabulsi, visited the UAE with other

⁴⁸ Al-Bayan, "Chairman of the Investment Authority to 'al-Bayan': The Emirates is the Second Arab Country in the Size of Investments in Syria" (in Arabic), 23 January 2010, <https://bit.ly/31K993S>

⁴⁹ Al-Ittihad, "335 million dirhams, Volume of Trade Exchange between the UAE and Syria" (in Arabic), 26 December 2010, <https://bit.ly/2Zesc8R>

⁵⁰ The Syria Report, "UAE Companies Showing Growing Interest in Syria," 24 December 2018, <https://bit.ly/31LNJ6H>

⁵¹ Elizabeth Broomhall, "MAF Committed to Syria despite Violent Unrest," *Arabian Business*, 26 April 2012, <https://bit.ly/33TCR8K>

⁵² This project was led by the UAE Bonyan International Investment Group to build a new city in the Jabal al-Shaykh area near the city of Qatana. Argaam, "Special Report: Monitoring the Most Important Gulf Investments in the Real Estate and Tourism Sectors in Syria" (in Arabic), 21 December 2011, <https://bit.ly/30hbljl>

⁵³ Emaar, "Emaar-IGO Launches Sale of Eighth Gate Commercial Centre in Dubai on Feb. 23," 19 February 2009, <https://bit.ly/2zdUMbP>

⁵⁴ Angela Giuffrida, "Investors on Road to Damascus," *The National*, 1 May 2010, <https://bit.ly/31LR85o>

⁵⁵ Ziad Ghosn, "Syria: Gulf Investments in the Protection of the State" (in Arabic), *al-Akhbar*, 27 July 2016, <https://bit.ly/2VvSUWy>

⁵⁶ Mahmoud Al-Lababidi, "Damascus Businessmen: the Phantoms of Marota City," Research Project Report, (Florence: European University Institute, April 2019), <https://bit.ly/2IHjVbm>

⁵⁷ Mahmoud Saleh, "In a New Step UAE Announces its Willingness to Invest in Syria" (in Arabic), *al-Watan online*, 7 August 2018, <https://bit.ly/2Oxj75t>

Syrian delegates to encourage investment and partnerships in Syria in various sectors of the economy, including real estate. The delegation met a number of UAE Chambers of Commerce and Industry, in addition to local businessmen.⁵⁸

In December 2018, another UAE-based company, Damac Properties, one of the largest real estate developers in the UAE and the wider Arab world,⁵⁹ also sent a delegation to Damascus to meet representatives of two Syrian companies, Telsa Group and al-Diyar al-Dimashqiah.⁶⁰ The owner of the latter is Mohammad Ghazi al-Jalali, a former minister of communication and a minority shareholder who sits on the board of Syriatel, owned by Rami Makhlouf. More broadly, UAE real estate development companies, such as Reportage Properties, Rotana, Arabtec and Horizon Energy LLC, were well-represented at the 2019 Damascus International Fair.

Moreover, in July 2018 the Syrian Ministry of Tourism granted a licence for the management of a boutique hotel in central Damascus to a UAE company, Coral Hotels, and its local partner Julia Dumna. The investors were expected to invest 750 million SYP, equivalent to around USD 1.7 million, to refurbish the four-star hotel.⁶¹

However, to date, none of these visits and statements have yet been translated into any real investments or formal steps towards them. Perhaps just one month after the Damascus Fair is still too early for investment. However, significant obstacles could also prevent a quick return of UAE investors (on which more below).

Transport and Trade

In 2017, the UAE constituted the seventh or eighth largest market for Syrian exporters, representing 44.5 million USD. The main products imported were: animal and vegetable fats and oils (6.5 million USD); articles in stone, plaster, asbestos, mica and similar materials (6.3 million USD); natural and cultured pearls, precious and semi-precious stones and precious metals (5.6 million USD); and coffee, tea, mate and spices (5.5 million USD). However, the balance of trade was clearly in favour of the UAE, as exports from the Emirates to Syria reached 968 million USD in the same year, including electrical machinery, equipment and parts (479 million USD); tobacco (280 million USD); machinery (64 million USD); and plastic (20.7 million USD).⁶² Emirati exports to Syria continued to increase in 2018, reaching 1.5 billion USD,⁶³ although most of this growth was due to Chinese products transiting through Dubai being rebranded as made in the UAE in order to benefit from the advantages of the Greater Arab Free Trade Area (GAFTA) deal.

This explains why Emirati companies are indeed interested in resuming contacts with Syria regarding transport, trade and services, especially since Syria is a gateway to the Mediterranean Sea. At the beginning of January 2019 the UAE's Dubai Ports (DP) World, one of the largest port operators in

⁵⁸ Emmar Syria, "Marota City Arrives in Abu Dhabi Next Week" (in Arabic), 15 January 2019, <https://bit.ly/2L4AdEf>

⁵⁹ Damac Properties has assets of more than USD 7 billion and an annual revenue of more than USD 2 billion. UAE businessman Husain Ali Habib Sajwani holds a 72.2 percent stake in the company. The company has subsidiaries in Qatar and Saudi Arabia, with projects in Egypt, Jordan, Lebanon and Iraq. Adam Hanieh, *Money, Markets, and Monarchies. The Gulf Cooperation Council and the Political Economy of the Contemporary Middle East*, (Cambridge: Cambridge University Press, 2018), 84.

⁶⁰ Emmar Syria "In Damascus DAMAC Properties Discusses Ways to Implement Real Estate Development Projects" (in Arabic), 20 December 2018, <https://bit.ly/2Hg3zyC>

⁶¹ The Syria Report, "Tourism Ministry Grants Hotel Management License to UAE Company," 3 July 2018, <https://bit.ly/2TN3NID>

⁶² The Syria Report, "Exporters Federation to Set-up UAE-dedicated Freight Company despite Obstacles in Bilateral Relationship," 27 February 2019, <https://bit.ly/2HcLIZg>

⁶³ UN Comtrade Data Base, 23 August 2019, <https://comtrade.un.org>

the world, announced the establishment of a 2,500km transport corridor from Jebel Ali in Dubai to the Nassib-Jaber border crossing between Jordan and Syria. The terminal operator stated that the new corridor would see close collaboration between customs authorities and logistics providers in the UAE, Saudi Arabia, Jordan, Syria and Lebanon to create a more efficient flow of goods to and from Syria. DP World declared that the first convoy of three Dubai-registered trucks made the journey in six days, a significant reduction from the average of 24 days it previously took to complete the journey before the border was reopened.⁶⁴

In mid-February 2019, the chairman of the agricultural committee at the Syrian Exporters' Federation, Iyad Mohammad, stated that procedures were under way to set up a shipping company and warehouses for Syrian exports to Dubai, as agreed during a visit by Syrian businessmen to the UAE in January 2019.⁶⁵

However, these announcements are not turning into effective results. In fact, in April 2019 the Syrian Ministry of Transport cancelled exemptions that benefitted Saudi and Emirati trucks crossing into Syria under bilateral agreements signed respectively in 2004 and 2005, dealing an additional blow to efforts to restore ties with the Gulf monarchies.⁶⁶ At the same time, despite UAE officials declaring they were envisaging resuming flights to Syria,⁶⁷ Emirates airline flights to Damascus remain suspended,⁶⁸ although before the war Emirates had been the largest air travel operator to Syria.⁶⁹ Restrictions on Syrian airspace have indeed yet to be lifted. For its part, Abu Dhabi-based Etihad Airways has no immediate plans to resume flights to Damascus.⁷⁰ Political, rather than technical, factors will be likely to weigh most heavily in decisions by these airlines and others in the region. Since July 2018, the Syrian Cham Wings Airlines, which is under US sanctions, has been the only airline operating flights from Damascus to the UAE.

2.2. Obstacles to Emirati Reinvestment in Syria

Despite official visits and potential investment opportunities in the above-mentioned sectors, no concrete steps have yet been taken. Alongside the high level of insecurity, corruption and a lack of security guarantees and of a legal framework for potential investments, two other key factors are likely to deter Emirati investment in Syria: US sanctions and economic difficulties in Dubai.

US Sanctions

The long reach of US sanctions is unquestionably a major concern for the UAE and other Gulf monarchies seeking to exert their influence in Syria. More generally, US pressure has put the brakes on further political rapprochement between certain Arab regimes (notably Saudi Arabia) and Syria.

⁶⁴ Logistics Middle East, "DP World Establishes Trade Corridor between Jebel Ali and Syria," 3 January 2019, <https://bit.ly/2z52eWW>

⁶⁵ SANA, "Exports Unions Works on Establishing Warehouses for Syrian Exports in UAE," 19 February 2019, <https://bit.ly/2KJPFad>

⁶⁶ The Syria Report, "Syrian Decisions Signal Failure of Efforts at Resuming Ties with Gulf," 17 April 2019, <https://bit.ly/2ZerWqp>

⁶⁷ Airlines from the Gulf and other countries suspended their flights in 2011 and 2012 because of the security situation in Syria, poor economic returns and political pressures, although there are no specific western sanctions forbidding any company from flying over or to Syria. Only three international civilian airlines (Iraqi Airways, Middle East Airlines (Lebanon) and Qatar Airways) operate today.

⁶⁸ Emirates, "Flights to Damascus," 19 August 2019, <https://bit.ly/2NaujV0>

⁶⁹ Up to 2010 UAE national carriers operated 13 flights a day to various Syrian cities, including seven flights to Damascus International Airport. Blog Al-Jazeera Arabic, "Study: The Role of the UAE in the Syrian Issue File" (in Arabic), 14 April 2015, <https://bit.ly/2Mn1mFT>

⁷⁰ Deena Kamel, "Flydubai Mulls Resuming Syria Flights as UAE Regulator Studies Damascus Airport Safety," *The National*, 17 January 2019, <https://bit.ly/2NfDfZi>

The UAE cannot risk endangering relations with its major patron and ally, the US. The country hosts approximately 5,000 US military personnel under a bilateral defence cooperation agreement. It is also an important buyer of US military equipment, including sophisticated missile defences.⁷¹ The UAE is the United States' largest single export market in the Middle East, receiving more than 19.5 billion USD in exports in 2018 – the tenth year in a row that it has held this distinction. Emirati FDI in the US reached 26.3 billion USD in 2016, while US FDI in the UAE amounted to 13 billion USD. Additionally, the UAE pegs its currency, the dirham, to the dollar, and more than 1,500 US companies have a presence in the UAE.⁷²

According to many experts, the prospects for Emirati investment in Syria still remain very uncertain as long as the US administration applies pressure to keep it that way.⁷³ Indeed, in September 2018 two UAE-based companies, International Pipeline Construction FZE⁷⁴ and Sonex Investments Ltd,⁷⁵ fell under US sanctions for supplying weapons and fuel to the Syrian regime.⁷⁶ In July 2019, the UAE Minister of Culture cancelled funding of up to 25 million USD earmarked for the restoration of some parts of the old souks in Aleppo city⁷⁷ because the project included several government schools and properties owned by the Ministry of Religious Endowments, which could have been targeted by US sanctions.⁷⁸

Nevertheless, the UAE participation in the 2019 Damascus International Fair came in spite of a US statement days before the exhibition reiterating a “warning that anyone doing business with the Assad regime or its associates is exposing themselves to the possibility of US sanctions.”⁷⁹ Despite its desire not to jeopardise its alliance with Washington, the UAE has sought to diversify its partnerships and political collaborations with various international actors, notably strengthening its political, military and economic relations with Russia and China, two key US rivals. These moves could help it gain greater autonomy vis-à-vis Washington and thereby serve its interests.

Economic Crisis in Dubai

Another factor limiting the prospects for an active Emirati economic role in Syria is the economic difficulty facing the country, especially the emirate of Dubai. In 2018, Dubai's economy grew just 1.9 percent, the slowest since the 2009 financial crisis, as it suffered from a downturn in its real estate market. Property experts believe Dubai house prices will continue to decline sharply in 2019 and 2020 as a result of a slowdown in the wider economy and an over-supply of housing units.⁸⁰

⁷¹ Congressional Research Service, “The United Arab Emirates (UAE): Issues for U.S. Policy,” 16 August 2019, 2, <https://bit.ly/2JYR0r9>

⁷² Embassy of the UAE in Washington, “UAE-US Economic Relationship,” 18 August 2019, <https://bit.ly/2KRROzi>

⁷³ Email interview with Jean Louis Samaan, associate professor in strategic studies currently attached to the UAE National Defense College, 8 August 2019; Email interview with Samir Seifan, Syrian economist, 26 August 2019.

⁷⁴ The company was designated for being owned or controlled by Hesco Engineering, owned by George Haswani, one of the Syrian regime's middlemen for dealings between the regime and Islamic State, and allegedly facilitating payments originating in Syria.

⁷⁵ The company operated as a buyer, consignee or charterer for shipments of crude oil and petroleum products discharged at Baniyas, including 90,000 metric tons of fuel oil delivered in May 2017 and another shipment of over 43,000 metric tons of crude oil in November 2017.

⁷⁶ Joyce Karam, “US Sanctions Syrian and Lebanese Nationals Supporting Assad,” *The National*, 7 September 2018, <https://bit.ly/33MEK6T>

⁷⁷ The project was to reconstruct a 2 km street from the al-Atarin souk to Bab Qnistrin. It was planned to be implemented by the Agha Khan Foundation, whose officials did not confirm or deny this information when asked by the researcher. Telephone interview with an Aleppo industrialist, 17 July 2019.

⁷⁸ Telephone interview with an Aleppo industrialist, 17 July 2019.

⁷⁹ Arab News, “US Warns Businesses Against Taking Part in Damascus Fair,” 28 August 2019, <https://bit.ly/2ZorMxQ>

⁸⁰ Manzer Hussain and Shrutee Sarkar, “Dubai House Prices to Fall Sharply: Reuters Poll,” *Reuters*, 5 September 2019, <https://reut.rs/2kxKWxN>

In addition, Dubai has also suffered from the implementation of US sanctions against Iran following President Trump's arrival in power. In 2017 and 2018, the UAE's exports/re-exports to Iran totalled 17 and 19 billion USD respectively, with most of the trade taking place via Dubai. Emirati authorities project trade with Iran will plummet to half this year as a result of US sanctions, while the number of Iranians living in the UAE has fallen from 117,000 three years ago to 73,000 today.⁸¹

More generally, according to a Central Bank report the non-oil sectors in the UAE "advanced at a softer pace in growing by 1.3 percent in 2018 compared to a growth of 1.9 percent in the previous year." Since 2014, real estate prices in Dubai and Abu Dhabi have fallen by 16.5 percent⁸² and 16.6 percent respectively.

The economic difficulties faced by the UAE, and more particularly by Dubai, could represent an obstacle to potential future investments in Syria in the form of a slowdown of activities by UAE-based companies, especially in real estate. In addition to this, the Emirati measures to boost economic growth are mostly directed towards the internal economy, with a combination of fiscal stimulus packages and new investment laws in order to encourage FDI, increase consumption, reinvigorate the property market and improve the labour market,⁸³ while the Dubai authorities are currently primarily focusing on preparing for Expo 2020, hoping to make it a significant success.

3. Which Networks to Use for Emirati Investment in Syria?

In the medium term, if the current obstacles were to be lifted or at least significantly reduced it would be important to analyse the kind of intermediaries and networks through which potential Emirati investors could reinvest in Syria.

3.1. The Syrian Business Community in the UAE

For decades, the UAE, and Dubai in particular, has had a relatively important Syrian expatriate population. Before 2011, some of the UAE's investments in Syria went through, or were made with the collaboration of, Syrian businessmen and networks based in the Emirates. A Syrian Business Council for the city of Dubai and the northern Emirates was established in 2003⁸⁴ and in Abu Dhabi in 2005 to promote economic ties and investments between the two countries. Moreover, since March 2011 the UAE has extended residency permits to more than 100,000 Syrian nationals, including more than 6,000 investors and a large number of academics, professionals and entrepreneurs. The total number of Syrian nationals living in the UAE is now around 242,000. Syrians have been particularly involved in five main sectors in the UAE: education, construction, media, healthcare and tourism.⁸⁵

However, whether they have been there for decades or are newcomers after the outbreak of the revolution, it seems unlikely that the Syrian businessmen based in the Emirates will play an intermediate role in Emirati investment projects in Syria. Most of the figures who have accumulated significant amounts of capital outside Syria, mostly in the UAE, are today outside the business networks linked

⁸¹ Andrew England and Simeon Kerr, "US Sanctions Put Chill on Iranian Trade with UAE," *Financial Times*, 26 July 2019, <https://on.ft.com/2ZcCljm>

⁸² Some analysts have stated that property prices in Dubai are down by at least 25 per cent since 2014. Simeon Kerr, "Dubai Fears the End of its 'Build it and They Will Come' Model," *Financial Times*, 2 April 2019, <https://bit.ly/2TOaVwN>

⁸³ Central Bank of the UAE, "Annual Report Central Bank of the UAE 2018," 28-30, <https://bit.ly/2lvsB5i>

⁸⁴ This council was composed of around 320 members before 2011. Al-Bayan, "The Syrian Business Council Elects its New Members in Dubai and the Northern Emirates" (in Arabic), 7 May 2007, <https://bit.ly/2kd3uU4>

⁸⁵ Embassy of the UAE, Washington DC, "Syrian Refugee Crisis – UAE Contribution," 19 August 2019, <https://bit.ly/2P2Rcwc>

to Damascus. Moreover, many Syrian businessmen located in the UAE and involved in opposition circles have seen their property confiscated by the Damascus authorities. Instead, they have been investing in the UAE, in sectors ranging from trade and real estate to services.

This has been the case for important businessmen based in the UAE for decades, some of whom returned to Syria in the years following the arrival in power of Bashar al-Assad and the liberalisation of the economy in the 2000s, while the great majority made investments and funded projects while remaining in the UAE. For example, Muaffaq al-Gaddah built his wealth in the UAE and started investing in Syria in the mid-2000s as the economy opened up. Notably, before 2010 he invested in several real estate projects in Damascus with the IGO company and in joint ventures with Emaar to implement the Eighth Gate project, and he was provided with government land in Damascus for free in a securities exchange. However, the Syrian government seized his assets in 2014 under the accusation that he was “funding terrorist organisations” and “participating in bringing weapons into Daraa.”⁸⁶ Despite his name having been removed from the Syrian government’s terrorist list in May 2018, in February 2019 he dissolved his Syrian real estate development company, MAG Real Estate Development.⁸⁷

Some other Syrian businessmen located in the UAE for decades involved in Syrian opposition circles (politically, economically or through the provision of humanitarian services) also saw their property confiscated by the regime in November 2012, with the same accusation of financing what it called “armed terrorist groups.”⁸⁸ Such is the case of Dr. Abdul Qader al-Sankari, a former president of the Syrian Business Council of Dubai and the Northern Emirates and chairman of the Paris Gallery company, created in 1983 in the Emirates, which is now a leading luxury retailer in the Middle East.⁸⁹ In December 2015 he participated in a Syrian opposition meeting in Riyadh gathering around 100 personalities, although without joining any opposition groups or pursuing any public political activities.⁹⁰ Another example is Mohamad Rahif Hakmi, former vice president of the Syrian Business Council of Dubai and chairman of the Armada Group, which was established in 1971 in the UAE and today holds a multi-billion-dollar portfolio in the healthcare, wellness and spa, real estate development, contracting and facilities management and hospitality sectors.⁹¹ Khaled al-Mahamid, a Syrian doctor and businessman with interests ranging from real estate to foodstuffs, transferred his economic activities, which were initially based in Greece and Cyprus, to the UAE in 2000. First a member of the opposition’s Cairo platform, he left it to join the High Negotiations Committee as an independent member, before becoming its vice president until his resignation in October 2018. These three personalities were involved in the Syrian Business Council for Relief and Development, which was initially connected to the Syrian National Council and established at the beginning of 2012 to fund various humanitarian activities in opposition-held areas and among Syrian refugees in neighbouring countries.⁹² The organisation gradually disappeared as the opposition-held areas shrank and as businessmen acted increasingly separately in the provision of humanitarian services.

Another important Syrian business figure based in the UAE was Waleed al-Zo’bi, former Minister of Infrastructure and Agriculture in the Syrian Interim Government at the end of 2013, who developed

⁸⁶ The Syrian Observer “How Assad Junior Lost the Empire,” 23 December 2013, <https://bit.ly/2KPabGk>

⁸⁷ The Syria Report, “Exporters Federation to Set-up UAE-Dedicated Freight Company Despite Obstacles in Bilateral Relationship,” 27 February 2019, <https://bit.ly/2HcLIZg>

⁸⁸ Yalla Souria, “Syrian Revolution News Round-up Day 600: Saturday, 3 November 2012,” 4 November 2012, <https://bit.ly/2QTIFfH>

⁸⁹ Paris Gallery, “Home,” 9 October 2019, <https://bit.ly/2IAB2ob>

⁹⁰ Al-Souria Net, “The Opposition Agrees on Several Points on the First Day of the Riyadh Conference” (in Arabic), 9 December 2015, <https://bit.ly/33ijghm>

⁹¹ Mohammed Rahif Hakmi Website, “Biography,” 12 September 2019, <https://bit.ly/35bvM44>

⁹² Michael Peel, “Syria Opposition Taps Business Class,” *Financial Times*, 19 March 2019, <https://on.ft.com/2otyZLJ>

his business in the UAE in the late 1970s, initially in real estate projects. Waleed al-Zo'bi is today the owner of Tiger group, a company with 7,000 employees and interests in real estate, education, healthcare, trading and other industries in the UAE and other countries in the Middle East.⁹³

The Syrian businessmen newly established in the UAE after 2011 have lost all their economic ties inside Syria. Imad Ghreiwati, who headed the Federation of Chambers of Industry between 2006 and 2011, travelled to Dubai in 2012. In 2017, the Assad regime seized the assets of a number of members of the Ghreiwati family, including Imad and four of his siblings.⁹⁴ Firas Mustafa Tlass, a Syrian business tycoon who started funding Syrian opposition groups from the UAE,⁹⁵ transferred his economic activities to Dubai after his company, MAS, was formally transferred to state ownership in August 2014 as a punishment by the regime. In 2017, he was arrested by Emirati security forces for working as a broker between IS and the giant cement group Lafarge Holcim, including for the purchase of oil and toxic gas.

UAE-based Syrian business figures who were involved in opposition circles have progressively stopped any public display or actions of dissent against the Damascus regime. In addition to the transformation of the revolution into a war and the slim prospects of Assad's downfall, among the reasons for ending their opposition activities was the probability of the UAE authorities putting pressure against them. For example, businessman Waleed al-Zo'bi now concentrates solely on his business activities.⁹⁶ In January 2018, his Tiger group announced investments of 10 billion AED (2.7 billion USD) to develop residential and hospitality projects in the UAE by 2020 and build a city with 100 towers in the emirate of Ajman.⁹⁷ For his part, Mohamad Rahif Hakmi has also considerably toned down his opposition to the Syrian regime⁹⁸ and focused on his business activities, which continued to expand in 2019, notably with the purchase of BNP Paris's subsidiary bank in the Comoro Islands and a five-star luxury hotel in Ankara, Turkey.⁹⁹

The Syrian business diaspora in the UAE has no prospect of returning, at least in the short term. Its potential to play an intermediate role in Emirati investments in Syria is fraught with difficulties and obstacles as the regime's own business networks have consolidated their influence and grip on the country's economy.

3.2. Economic Opportunities in Syria Through Damascus Networks

Foreign investment opportunities in Syria are linked to the nature and evolutions of the Syrian regime. Before the war, Syria's significant business networks were characterised by a form of crony capitalism in which economic opportunities were dependent on loyalty and connections to the regime. These trends have been considerably reinforced in the past few years as large numbers of wealth-holders left the country and a new elite emerged. Crony capitalists and members of the new business elite have been able to capture the economic opportunities left in gaps created by Syrian businessmen departing abroad.

⁹³ Tiger Group, "About us," 12 September 2019, <https://bit.ly/2IQSnQW>; The Syrian Observer, 'Who's who: The Interim Government Ministers,' 3 December 2013, <https://bit.ly/2khfDHF>

⁹⁴ Zaman al-Wasl, "Assad Regime Confiscates Ghreiwati Family Assets," *Syrian Observer*, 13 October 2018, <https://bit.ly/2Xn1Tsu>

⁹⁵ Firas Tlass is the brother of Manaf Tlass, a former Brigadier General in the Syrian Republican Guard and member of Bashar al-Assad's inner circle until 2012 who left Syria after voicing his opposition to the regime.

⁹⁶ Eqtisad, "Where is Disappeared Businessman Supporting the Revolution Waleed al-Zo'bi?" (in Arabic), 2 February 2019, <https://bit.ly/2IGF9Xc>

⁹⁷ Waheed Abbas, "Tiger Group to Invest Dh10b in UAE by 2020," *Khaleej Times*, 12 January 2018, <https://bit.ly/2mitT3u>

⁹⁸ Dr. Rahif Hakmi, *Facebook*, 9 October 2019, <https://bit.ly/31WznRi>

⁹⁹ Armada Group, *Facebook*, 9 October 2019, <https://bit.ly/30W9uji>

Indeed, the Syrian government's economic policies and reconstruction schemes have the objective of consolidating the regime's political and economic power, especially through networks of businessmen linked to it.¹⁰⁰ This is clearly illustrated by the personalities selected by Damascus to meet the UAE's representatives and economic actors. The Syrian delegation to the UAE in January 2019, for example, was headed by Muhammad Hamsho, a frontman for Maher al-Assad and secretary general of the Federation of Chambers of Commerce. It was composed of numerous businessmen closely linked to the Syrian regime such as Wassim Qattan,¹⁰¹ Fares Shehabi¹⁰² and Samer Debs.¹⁰³ This delegation did not meet Syrian businessmen residing in the Emirates, demonstrating that any possible investments in Syria should go through Damascus-connected business networks, which are mostly based in the country. Similarly, in their latest visit to Syria during the Damascus International Fair, the UAE delegation was welcomed by these same personalities. The forum, which gathered representatives of the Syrian private sector and Emirati visitors, focused on discussing the most important investment opportunities and incentives available to investors on both sides in various sectors, such as manufacturing, industry, services, alternative energy and power stations, agro-industry, tourism, trade and construction.¹⁰⁴ These various meetings demonstrated the crucial role of these actors in any possible future UAE investments in Syria, especially as these crony-capitalists increased their wealth and power during the war.

Another possible avenue for UAE investments to explore is Abu Dhabi's deepening ties with Moscow. In June 2018, the UAE and Russia signed a Declaration of Strategic Partnership to strengthen dialogue between the two countries on bilateral, regional and international issues of common political concern. In the Syrian case, the UAE's current position shares more common ground with Russia's than any other Gulf monarchy's except Oman by accepting Bashar al-Assad as the legitimate ruler of post-war Syria. Similarly, both Moscow and Abu Dhabi vehemently oppose Islamic fundamentalist and jihadist groups both in Syria and elsewhere.

With its dominant position in Syria, Russia could facilitate Emirati investment in the country, especially as Moscow has been demanding that regional and other states participate financially in the reconstruction of Syria, encourage the return of refugees and reconnect Syria to the global financial markets. Moscow could also use Emirati and more generally Gulf investments in Syria to increase its leverage with Iran, boosting its own power and influence.

¹⁰⁰ Daher, "The Political Economic Context of Syria's Reconstruction"

¹⁰¹ Wassim Qattan is a businessman close to Maher al-Assad and has been the president of the Damascus Province Chamber of Commerce since February 2018. In the past few years he has also won several contracts for the management of large malls in Damascus.

¹⁰² Fares Shehabi, head of the Aleppo Chamber of Industry and a known supporter of the regime, was elected President of the Federation of Syrian Chambers of Industry in June 2012 and became a member of parliament in 2016.

¹⁰³ Samer al-Debs, a manufacturer close to the regime and vice president of the Federation of Syrian Chambers of Industry, became a member of Parliament in 2012 and then president of the Damascus and Countryside Industrial Chamber in 2014.

¹⁰⁴ Damascus Chamber of Industry, *Facebook*, 29 August 2019, <https://bit.ly/2L2mK1a>

Conclusion

Since the beginning of the Arab uprisings at the end of 2010, the UAE has played an active and growing role in the region, politically, economically and militarily, while consolidating its status as a regional financial centre and international business hub. Following the beginning of the Yemen war in March 2015 and Russia's intervention in Syria at the end of September the same year, the UAE progressively adopted a new approach towards Syria, eventually abandoning its previous official opposition to Damascus. Syria no longer topped the UAE's list of political priorities. The UAE also began reconsidering its aggressive foreign policy due to its lack of successes, its significant costs (in billions of US dollars) and the instability it produced for the country's economy.

The UAE's rulers have pursued new official relations with Damascus in order to seek a political role in a future Syria through various means, including economic investment in (re-)construction plans. However, these prospects have been stalled as the US has tightened sanctions on Syria and pressured the UAE and other Gulf monarchies to halt their rapprochement with Syria, as they are unwilling to jeopardise their relations with Washington.

At the same time, the UAE's economy is facing difficulties of its own, while the emirate of Dubai is preoccupied with its preparations for Expo 2020. These factors have discouraged potential Emirati investments in Syria in the short term, while the capacities of Syrian businessmen based in the UAE or elsewhere to act as intermediaries for UAE investors became severely limited as the patrimonial nature of the Syrian regime was strengthened. UAE investments in Syria, especially in reconstruction schemes, have so far gone no further than being announced and are therefore not expected to materialise soon, while Syria's political and economic isolation remains.

These limitations and obstacles make the prospect of Emirati investors returning to Syria soon relatively remote. However, in recent years the UAE has been able to gain some autonomy allowing more space for independent political decisions and foreign policy choices, notably through its deepening relationships with Washington's rivals, China and Russia. These changes have also taken place during a period of relative decline in US power at the global level, following its failed invasion and occupation of Iraq, the global economic and financial crises of 2007 and 2008 and the surge in regional uprisings since 2011.



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