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The Economic Networks of the Fourth Division During the Syrian Conflict

Ayman Aldassouky

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The Economic Networks of the Fourth Division During the Syrian Conflict

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Executive Summary

The Fourth Division has undergone changes during the years of conflict. Under the leadership of Maher al-Assad since 2018, the role of its security bureau has grown and its structure has become clearer, while its powers and geographical spread outside the capital Damascus have expanded. Major General Ghassan Bilal has remained the head of its security bureau since its formation in the late 1990s despite attempts by Russia to exclude him. This rise in the role of the Fourth Division implies a desire of the regime to strengthen its institutions and centralise power in them.

The security bureau runs war economy activities in cooperation with a network of closely-affiliated businessmen and mediators. The latter have been carefully selected and assigned multiple tasks to support the regime, giving them greater opportunities to develop their roles in the political-economic system at the local and perhaps national levels. Since 2016, the bureau has worked to further its hegemony over the war economy, an endeavour in which it had succeeded by 2018.

In addition, the conflict has also seen a shift in the way the Fourth Division intervenes in the management of Syria's economic institutions. While it was previously content to indirectly influence the selection of officials in these institutions, relying on proxy agents to manage them, it now handles the process directly, as in the ports of Tartus and Latakia. However, this hegemony remains dependent on relationships with Russia and the continued support of the presidential palace.

Introduction

The Fourth Division is the successor to the Defence Companies, which were headed by Rifaat al-Assad. It was formally established in 1984 to absorb the Defence Company members after the group was dissolved in the same year.¹ Since its formation, the Fourth Division has received special treatment by the regime as an elite military unit charged with protecting it from internal and external threats. For this reason, it is deployed in western Damascus. In contrast with regular army units, its military units have received advanced weaponry and its members receive additional tangible and intangible privileges. The importance of the Division increased after Maher al-Assad joined it, following his graduation from the Homs Military Academy in 1989. He first assumed command of the Special Mission Battalion and then the 42nd Armoured Brigade. He was always, however, understood to be the *de facto* leader of the Division, and he formally took over the leadership in 2018.

Prior to 2011, the Fourth Division had around 15,000 recruits and officers, most of whom hailed from the Alawite sect. They were divided into three armoured brigades: a mechanized brigade, a special forces regiment and an artillery regiment. In the years since the conflict began, there have been changes to the structure of the Division. New units have been added, such as the 666 and 333 infantry regiments, along with Shia militias, such as the al-Imam al-Hussein Brigade,² together with members of dissolved local militias. There are no precise data regarding the numbers of the Division's regular members or its reserves. According to one source, however, they have successfully replaced the personnel lost since 2011 in battles in Daraa, Homs, Idlib, Hama, Latakia and Damascus and its countryside, reportedly 8,000 fighters.³

There is a paucity of studies on the Fourth Division after 2011. The few available ones only tackle the changes in its military structure in the context of the transformations undergone by the Syrian army since the outbreak of demonstrations.⁴ Therefore, this study will not focus on the Division's military structure or field deployment and operations, but will instead address another dimension that has been overlooked: its activities in the war economy and the economic network it has formed during the conflict years. The study attempts to answer the following questions. Was the conflict an opportunity to increase the importance of the Fourth Division to the regime by involving it in the activities of the war economy? What exactly is the economic network that was formed as a result of this involvement? And who are its most prominent actors?

This paper first reviews the Fourth Division's security bureau, which is responsible for managing its illegal activities, and shows how its role grew during the conflict. It then deals with the war economy activities managed by the Division in cooperation with several partners. It finally reveals the mechanisms by means of which the Division intervenes in the state bureaucracy, taking the ports as an example.

The study is based on over eighteen interviews, some of them conducted by an assistant residing in areas under Syrian government control. The interviews, with experts, economists, merchants,

¹ The Defence Companies were formed in 1971 and were charged with protecting the regime from any military coup. The majority of their members were Alawites, and to a lesser extent Murshidis. They were dissolved after an unsuccessful coup by Rifaat Assad against his brother Hafez in 1984.

² Kirill Semenov, "Russia, Iran in Tug of War over Syria Military Reform," *Al-Monitor*, 10 June 2019, <https://bit.ly/2t6Qi7v>

³ Step News, "A Defected Officer from the 4th Division Reveals the Secrets of the Most Powerful Group in Syrian Army" (in Arabic), 20 September 2019, <https://bit.ly/33WRB5r>

⁴ Gregory Waters, "The Lion and The Eagle: The Syrian Arab Army's Destruction and Rebirth," *Middle East Institute*, 18 July 2019, <https://bit.ly/37R06Bx>; MaanTallaa, Dr. Bashar Narsh, Nawar Shaaban and Colonel Ahmed Hamadeh, "Transformations of the Syrian Military Establishment: The Challenge of Change and Restructuring," *Omran Centre for Strategic Studies*, 31 December 2018, <https://bit.ly/34DI5o3>

informed journalists and figures previously close to decision-making circles and familiar with the Fourth Division, took place between August and December 2019. Interviews were also held with defected officers and members of the Division and its security bureau, including recruits, military personnel and local delegates still in the Division's employ.⁵ The researcher also made use of the websites of newspapers, forums and related posts on social media.

⁵ The names and locations of some of the people interviewed are omitted for security reasons following their requests. Only a general description of the person and the date are mentioned.

1. The Growing Role of the Security Bureau, the Fourth Division's Economic Activity Contractor

The Fourth Division's security bureau was established in the late 1990s and thereafter the group began its illegal economic activities, such as trade in antiquities. The role of the bureau grew after the outbreak of the protest movement in 2011. It expanded its powers and geographical spread and became an influential actor in the war economy. The bureau is located in the al-Sumaria neighbourhood of Damascus. The existence of such a security bureau is a specificity of the elite units, such as the Republican Guard and the Fourth Division, which are tasked with protecting the regime from all and any threats. There is no equivalent to this in the official military organisation of the regular army units. These simply include a security officer assigned to the task alongside his official military position.⁶

The security bureau undertakes tasks related to maintaining the security of the Fourth Division's officers, members, military units and civilian facilities, together with protecting the housing units for the officers' families.⁷ Despite the impression given by its name, the bureau is also responsible for managing Maher al-Assad's economic network, serving as the link between him and the group of businessmen who run his commercial business.⁸ In addition, the bureau plays a crucial role in selecting candidates to join or deal with the network, and those who wish to do so among businessmen and brokers, such as Ayman Jaber, owner of the Arabian Steel Company (ASCO) and a shareholder in the Cham Holding Company.⁹ The bureau also recommends candidates for certain positions in the state bureaucracy, such as in ports and customs, in addition to managing the illegal economic activities undertaken by the group.

By the first decade of the 21st century, the security bureau was running the antiquities trade. According to the testimony of a military intelligence officer in Deir ez-Zor at the time, the security bureau hired local and foreign experts for a daily or monthly wage to locate archaeological sites. "We were asked to follow and protect an American tourist who lived in al-Salihiya district in Deir ez-Zor in 2010, only to discover after talking to her that she was an archaeologist working for Maher al-Assad," said the officer.¹⁰ Sites were excavated under the bureau's supervision after antiquities were located, sometimes under the cover of carrying out security or military tasks. For example, the Fourth Division set up a training camp in Jabal al-Zawiya to disguise an excavation taking place in that area. Delegates from the bureau also visited the Mari archaeological site in Deir ez-Zor on the pretext of security monitoring after new archaeological findings were found there.¹¹ In addition, the bureau has supervised the sale of antiquities on the black market through brokers of its own choosing. Using Hezbollah's networks in North and Latin America, they have smuggled them abroad through Syrian or Lebanese ports, ensuring payment in the form of money transfers sent to people who were not necessarily aware of these arrangements. The bureau has worked to protect the security of these activities and ensure their secrecy. It has often arrested brokers or terminated their activities when

⁶ Interview over social media with a defected Brigadier-General from the Special Forces, resident in al-Rihaniyya, September 2019.

⁷ Interview over social media with a close associate of former decision-making circles in Syria, November 2019.

⁸ Salim al-Nahas, "The Case of Brigadier Ghassan Bilal: A Russian Liquidation of the 4th Division's Office?" (in Arabic), *al-Modon*, 6 June 2019, <https://bit.ly/35BKcT4>

⁹ Ayman Jaber is a businessman from Latakia married to the daughter of Kamal al-Assad, head of the Latakia Chamber of Commerce and Industry. He has investments in the field of contracting and the steel industry, for which he chaired the Iron and Steel Council, established in 2011. He was also a partner in founding the Addounia TV Channel. In late 2013 and early 2014 he established and funded the Desert Hawks Brigade and Syrian Marines militias. They were disbanded in 2018, with part of Jaber's property being confiscated.

¹⁰ Interview over social media with a defected member of the Military Intelligence who was serving in Deir ez-Zor, located outside Syria, December 2019.

¹¹ Interview over social media with lawyer Tariq Haj Bakri, December 2019.

they were discovered, or if they disclosed secrets related to its work, as in the case of Brigadier General Sabra Khazim, director of the al-Badia branch, whose work was suspended following the exposure of a shipment of antiquities arriving in Syria from Iraq.¹²

Part of the income from the Fourth Division's illegal economic activities has been used to finance the Division, along with funds received from the official budget of the Ministry of Defence and another unspecified presidential palace budget.¹³

After 2011, the security bureau's structure became clearer, with field testimonies describing it as an integrated command unit composed of branch offices, such as records and organisation offices.¹⁴ In fact, the bureau relies on the sectoral system used to organise army divisions as the basis for its work.¹⁵ While prior to 2011 its presence was limited to the Damascus central office, it now has branch offices outside the capital, following the geographical extension of its military units. Each office covers a specific geographical sector, which in turn is divided into districts, including Homs, Masyaf, Tartus and Latakia ports, Deir ez-Zor, Aleppo, Daraa and Sweida. The branches in Homs, Masyaf, Damascus, Latakia and Tartus are the most active, as they are responsible for a critical part of recruitment through local Fourth Division delegates and the busy commercial traffic that they oversee in these areas.¹⁶ Each geographical sector is commanded by an officer from the Fourth Division, who is considered the principal commander within the boundaries of the sector and has powers to influence the decisions of the central security bureau.¹⁷

On its establishment, the central bureau was headed by the senior military officer, Ghassan Bilal, who used to manage Maher al-Assad's office. Bilal's appointment to this position was a result of his long-standing friendship with Maher since their Military Academy days in 1989, and later during their training in the Special Missions Forces by Bassel al-Assad before the latter's death.¹⁸ It is reported that Bilal remains the head of the bureau, despite Russian attempts to exclude him in order to pressure Maher, who has generally been closer to Iran. In January 2019, Russia pushed for a decree stipulating Bilal's promotion to the rank of Major General and his appointment as chief of staff of the southern region. This prompted Maher al-Assad to counter the decision by legal means and issuing a decision assigning Bilal to the Fourth Division once again.¹⁹

The security bureau's authority has notably grown since 2011. It has become responsible for managing direct recruitment contracts for the Division, a temporary measure to which it resorted, along with other army units and security agencies, to compensate for casualties sustained during its operations, bypassing the defence ministry, which is officially responsible for the recruitment and screening processes.²⁰ Direct recruitment in the Fourth Division takes one of two forms. The first is permanent recruitment, in which the recruit becomes a regular military soldier officially registered in the Division's records. This form was discontinued in 2018 when the defence ministry assumed

¹² Interview with a defector from the Military Intelligence, *ibid*.

¹³ Telephone interview with Abdel-Majid Barakat, a member of the political committee in the National Coalition, former head of information in the state crisis management unit, November 2019.

¹⁴ Interview over social media with a local representative of the security services of the 4th Division in the Damascus countryside, December 2019.

¹⁵ Kheder Khaddour, "Strength in Weakness: The Syrian Army's Accidental Resilience," *Carnegie Middle East Centre*, 14 March 2016, <http://bit.ly/2NId0Kp>

¹⁶ Interview over social media with a staff member of the 4th Division Security Bureau, August 2019.

¹⁷ Recruits in the 4th Brigade submit their papers to the central office in Damascus. The division's security officer responsible for a sector can contact the central security bureau and request specific people to be sorted into its geographical sector. Social media interview with a 4th Division recruit, August 2019.

¹⁸ "Criminals/Ghassan Ali Bilal," *Pro Justice* (blog), (in Arabic), <https://bit.ly/36HxQQW>

¹⁹ Interview over social media with a Syrian journalist based in Turkey, August 2019.

²⁰ Social media interview with a regular soldier serving in the 4th Division, September 2019.

this responsibility, as had been the case before 2011. The second, which is still adopted, is temporary recruitment, in which recruits carry temporary security cards not registered in the official military records. These recruits then become contractors either in field combat groups called ‘Support Forces’²¹ or in security groups responsible for protecting war economy activities.²²

The security bureau sponsors and manages the activities in the war economy through local intermediaries, at the same time as it is tasked with combating these activities and protecting trade routes. The income generated from this is entered under ‘supporting the war effort,’²³ in contrast to allegations that it goes towards the ‘martyrs’ fund.’ It is used to pay the salaries of the Division’s recruits, to fund the bureau’s operations and local war economy deals and to remunerate members of the Division, in addition to contributing to initiatives sponsored by the Division in areas where it is deployed or which are intended for its affiliates.²⁴

2. The Fourth Division’s War Economy Activities

During the conflict, the Fourth Division has accumulated capital from the war economy activities it has undertaken in cooperation with affiliated businessmen and intermediaries. It has also been able to expand its economic network by including new recruits tasked with integrating war economy income into the formal economy and undertaking community-based initiatives to support the regime. Three interrelated activities are among the most prominent managed by the security bureau. The first is scrap trade and the looting of public and private property (Arabic *ta’fish*) in areas where the regime regains control. The second is a convoy protection service known in Syrian slang as *tarfiq*, whereby official and semi-official military groups take it on themselves to accompany and protect commercial transport trucks as they travel from one region to another in exchange for a fee from the owners of the goods. The third is the levying of fees (*tarsim*) in exchange for the passage of goods and individuals from one region to another by those in charge of internal crossing points who belong to both official and unofficial military groups.

2.1. Scrap Trade: Muhammad Hamsho

Since 2013, the Fourth Division’s security bureau has attached particular importance to the trade in scrap metals (copper and iron), to the extent that it has been nicknamed the ‘metal security bureau.’²⁵ The bureau organises and manages the trade from when it obtains the scrap to when it is shipped through the Latakia and Tartus ports. The profits are then shared with its partners. According to one recruit in the Division, for example, after regime forces regained control in August 2016, groups of looters entered Darayya followed by the Fourth Division’s security forces. The looters focused on household appliances while the Fourth Division searched for scrap. The latter forced the looting groups to exclusively sell the scrap to it through representatives overseeing weighing and loading operations. They later escorted the scrap trucks to melting plants and then to the port for export.²⁶

²¹ The term “Support Force/4th Division” is mentioned in the “Martyrdom Document” of a member of the 4th Division’s field groups, bearing in mind that when a member of these groups is killed he does not enjoy the prerogatives of those killed in the regular military. For more, see the Jund Allah ‘Ala al-Ard’s [Soldiers of God on Earth] (The 4th Division’s Security Bureau) Facebook, (in Arabic), 15 July 2018, <https://bit.ly/365uzLa>

²² Interview with a 4th Division recruit, *ibid*.

²³ Interview with a member of the 4th Division’s Security Bureau, *ibid*.

²⁴ Muadamiyat al-Sham Charity Foundation, “A Thank You Letter,” Facebook, (in Arabic), 3 June 2019, <https://bit.ly/2RqHIub>

²⁵ Those loyal to and affected by the 4th Division’s Security Bureau use the term ‘metals security’ to indicate that the bureau has become responsible for economic activity and is no longer concerned with its security function. This observation was made by the author following pages loyal to the Syrian regime on social media.

²⁶ Interview with a 4th Division recruit, *ibid*.

The Fourth Division has several partners in the scrap trade, including Samer Foz and Imad Hamisho, two businessmen from Latakia who are close to the regime. The pair are partners in the Sorouh Construction Company,²⁷ which owns a melting facility in the industrial area of Hisyah in Homs, along with two iron rolling factories in Latakia. The most prominent businessman in the scrap trade, however, is Muhammad Hamsho, a Damascene who has been close to Maher al-Assad since the late 1990s.

Hamsho entered the business world in 1996 and succeeded in becoming close to Maher al-Assad after being endorsed and approved by Ghassan Bilal. He became one of Maher's economic cronies after successfully managing oil deals with Iraq during the economic blockade on Saddam Hussein's regime and laundering Iraqi money in the Lebanese Al-Madina Bank between 2000 and 2003, according to some sources.²⁸ With Maher's support, Hamsho was able to acquire investment contracts in sectors affiliated with the businessman Rami Makhoul, such as telecommunications when Al Boraq Telecom was established in the early 2000s. However, his business has been damaged by Western and US sanctions imposed on him since the summer of 2011 as a result of his close business relationship with Maher.²⁹ This has pushed him to focus more on the Fourth Division's war economy activities, such as the scrap trade.³⁰

Notably, the Fourth Division's security bureau forced local mediators to exclusively sell scrap metal seized during military operations in Damascus and its countryside at very low prices³¹ to Hamsho International Group's Hadeed Metal Manufacturing Company in the industrial area of Adra, where it was melted and re-worked.³² There are no official figures or precise data available on the quantities of copper and iron sent to Hamsho's plants, but there is no doubt that his enormous warehouses in Adra contain large inventories of scrap.³³ His profits from this trade were estimated at about US\$10 million a month during January and February 2019, and were even higher prior to these months, according to the activist Iyad al-Hussein.³⁴

The quantities of re-melted iron were kept in Hamsho's warehouses in order to meet current and future domestic demand during the reconstruction phase, while the bulk of the melted copper scrap was exported to Turkey through ports overseen by the Fourth Division.³⁵ Copper exports ranked first among raw material exports in 2017, with a value of approximately \$14 million according to the International Trade Centre,³⁶ while the rest of the copper was used to cover demand in the local market through government contracts favourable to Hamsho.³⁷

²⁷ Ishtar Mahmoud, "Even Scrap is for the Powerful! The Rationing of Steel in Hama and the 'Bullying' of Factories in Aleppo" (in Arabic), *Qassioun*, 13 January 2019, <https://bit.ly/2rQLiDs>

²⁸ Fouad Abdulaziz, "Muhammad Hamsho ... The Boy is His Friends' Secret" (in Arabic), *Economy*, 25 December 2016, <https://bit.ly/35kAATm>

²⁹ Habaa Chehadeh, "Muhammad Hamsho. Corruption with Multiple Forms and One Head" (in Arabic), *Enab Baladi*, 25 August 2019, <https://bit.ly/2QoWxwB>

³⁰ YouTube, "Hamsho Workers Steal on an Iron Drilling Trip with a Truck Loaded with Loot from Darayya Iron Mine" (in Arabic), 7 October 2013, <https://bit.ly/2Fk4Zqg>

³¹ A kilo of copper was being sold at around 1,500 Syrian pounds, while its real price was around 5,000 Syrian pounds. For more, see Rafiya Salamah, "Looting Years" (in Arabic), *al-Jumhuriya*, 9 August 2018, <http://bit.ly/37e1Qoy>

³² The scrap trucks loaded with copper and iron extracted from the two Ghouta regions would go to Hamsho's factories in Adra under the protection of the 4th Division's security office. Interview with someone who worked with the 4th Division's security office, *ibid.*

³³ Interview over social media with a journalist with expertise in economic affairs based in Syria, June 2018.

³⁴ Ahmed al-Ibrahim "Activist Iyad al-Hussein Launches a Violent Attack on Muhammad Hamsho (in Arabic)," *Asian News Agency*, 11 February 2019, <https://bit.ly/36msfjv>

³⁵ Interview over social media with a worker in the Latakia port, December 2019.

³⁶ Qassioun, "What Did Syria Export in 2017 and Where To?" (in Arabic), 10 September 2018, <https://bit.ly/2ZND4Zc>

³⁷ Interview with a journalist with expertise in economic affairs, *ibid.*

The flourishing scrap trade enabled Hamsho to head the Syrian Council for Metals and Steel, which was established in 2015³⁸ and tasked with protecting the interests of the Syrian steel industry, including regulating the selling and buying prices of steel and other metals in the market.³⁹ Although the Council was dissolved by a government decision in August 2016 without an explanation,⁴⁰ neither the scrap trade undertaken by Hamsho nor his position in the sector were affected. This can be explained by the following reasons. First, along with influential businessmen in the steel industry, Hamsho dominates the decisions of the Syrian committee for scrap supply, which was established in 2014 to prevent the smuggling of scrap metal and to organise and facilitate its transportation to craftsmen, facilities and factories. Second, Hamsho and his associates account for the bulk of the scrap provided by this committee. This has negatively impacted on production by the state-owned Hama Steel Factory, for example, which was threatened with closure after becoming unable to be supplied with sufficient quantities of scrap to continue operations.⁴¹ Third, Hamsho's business continues to flourish in areas where Syrian government forces have regained control, such as Qaboun,⁴² serving as evidence that his company in Adra has not ceased production. Fourth, Hamsho and other influential people in the steel sector are under the protection of the Fourth Division and have even employed it to exclude local competitors from the field in order to achieve a monopoly. This is what happened with the closure of around 30 iron melting factories in the industrial area of Shaykh Najjar in Aleppo,⁴³ where the Fourth Division operates multiple checkpoints.

2.2. Convoy Protection Middlemen: Abu Ali Khodr, or 'the Father of the Poor'

Convoy protection did not begin during the crisis. It was carried out previously by the Customs Directorate, which was subordinate to the Ministry of Finance and managed by customs patrols in Homs and Damascus.⁴⁴ Before 2011 it was also unofficially practised by the military security apparatus through its patrols deployed on major trade routes and border detachments to protect convoys of both traffickers and smugglers, according to one merchant from the Syrian coast.⁴⁵ In exchange for money paid by officials to the Fourth Division on a monthly basis, military security activity in areas on the border with Iraq was protected by the Fourth Division, the main actor responsible for this activity. According to a member of military intelligence in Deir ez-Zor at the time, the late General Jameh Jameh,⁴⁶ who had been head of the military intelligence branch there since 2008 and was considered one of Maher al-Assad's men, had to send a specific amount of money for each border detachment to the Fourth Division's office. In 2010 this office asked for 50 million Syrian pounds for the al-Bukamal detachment and 30 million Syrian pounds for the al-Mayadin detachment, to be sent in monthly payments in cash.⁴⁷

³⁸ Al-Iqtisadi, "Establishing the Syrian Council For Metals and Steel headed by Muhammad Hamsho" (in Arabic), 17 December 2015, <https://bit.ly/2p3jUAF>

³⁹ Jihad al-Yaziji, "Syria's Economy is in the Hands of the Regime's Businessmen," *The New Arab*, 28 December, <https://bit.ly/2aoDBGh>

⁴⁰ SANA, "The Government Dissolves Some of the Higher and Private Councils and Decides to Reconsider the Joint Higher Councils with Some Countries" (in Arabic), 2 August 2016, <https://bit.ly/2SOO5Iv>

⁴¹ Ishtar Mahmoud, *ibid.*

⁴² Interview conducted by the researcher with a Syrian economist in Beirut, September 2019.

⁴³ Ezzedine Nabulsi, "30 Iron Melting Factories in Aleppo Were Shut Down and Commissions and Material Extortion Were Imposed after Existing Factories Were Destroyed!" (in Arabic), *Tishreen News*, 8 January 2019, <https://bit.ly/2MVzHui>

⁴⁴ Abed al-Hadi Shbaat, "General Command to *al-Watan*: To Monitor the Transport of Grain and Control Smugglers' Outlets ... Customs Control to Raqqa Within Days and Preparations Towards Idlib" (in Arabic), *al-Watan*, 18 April 2018, <https://bit.ly/35r45Dj>

⁴⁵ Interview over social media with a local businessman residing on the coast, August 2019.

⁴⁶ Major-General Jameh Jameh was from the town of Bazama in the Latakia governorate. He assumed security duties during the presence of the Syrian forces in Lebanon until they left in 2005. He was then appointed Deputy Chief of the Deir ez-Zor branch of Military Intelligence. In 2008, he took the position of head of the Deir ez-Zor branch of Military Intelligence. He was killed in Deir ez-Zor in 2013.

⁴⁷ Interview with a defector from the Military Intelligence, *ibid.*

However, since 2013 military and paramilitary groups have competed with the Customs Directorate for the convoy protection business. As the support provided to them diminished it was taken over by the al-Qaterji groups fighting alongside the Syrian army⁴⁸ and the National Defence Forces.⁴⁹ Groups affiliated with the security branches and Rami Makhoul's al-Bustan Charity Foundation have also been active in convoy protection in addition to the Fourth Division, which was involved through its auxiliary groups. In 2015, the business became more organised with the involvement of private trading and security companies possessing offices spread out across different governorates owned by businessmen close to the regime. Most notable among these were the Al-Noor Trading Company, the Al-Husn Convoy Protection Company, Castle Security and Protections, the Ahmad Mustafa Trading Company, the Al-Rabi Company and the Al-Muttahida Ikhwan Convoy Protection Office.

The military security committees in the various governorates are aware of the convoy protection operations⁵⁰ so no military checkpoints are erected except under official orders issued by these committees. In Aleppo, the decision to dissolve convoy protection was likely taken by the Military Security Committee.⁵¹ In addition, according to a displaced person from the northern Homs countryside, these committees have obtained the right to benefit from convoy protection, with the al-Qaterji groups taking over the northern Homs line and the Fourth Division's security forces handling the southern Homs line leading to Damascus.⁵²

Making use of official orders issued by the security and military authorities, by 2018 the Fourth Division had succeeded in dominating the convoy protection business after eliminating its main competitors, particularly the al-Bustan Charity Foundation and the National Defence Forces.⁵³ In consolidating this hegemony, the Division was helped by its assumption of responsibility for the protection of ports and its widespread deployment over internal crossings.⁵⁴

The Fourth Division's security bureau took great care to select local intermediaries through which to manage the convoy protection. The lengthy process with which this was done began with the local Fourth Division delegate – who is not necessarily a military person – nominating an intermediary. The candidate would then require a recommendation from a senior officer trusted by the Division, after which his name would be referred to the central Fourth Division security bureau for a final

⁴⁸ The al-Qaterji family has its origins in the city of al-Bab in the Aleppo governorate, where the names of three brothers, businessmen Muhammad Baraa, Hussam, and Muhammad Agha have risen to prominence. They struck deals with IS to transfer oil and wheat from areas under its control to the areas controlled by the regime and some of their companies were subjected to European and US sanctions.

⁴⁹ A paramilitary group founded in 2012 by Bassam al-Hassan, a Republican Guard officer, and headed by Saqr Rustom, an Alawite civil engineer and nephew of Bassam al-Hassan. Rami Makhoul funded the group through the al-Bustan Charity Foundation, which also received support from Iran. Kheder Khaddour, *ibid*.

⁵⁰ Before 2011 it was known as the Security Committee, which was chaired by the Secretary of the Baath Party branch, and included all intelligence chiefs (air force, political security, military security and state security), the military commander of the area, chiefs of civil and military police in the area and the governor. After 2011, its name became the Military Security Committee, and it was chaired by the military commander of the area instead of the Secretary of the Baath Party branch.

⁵¹ Al-Watan, "Requests to Apply the Decision to the Rest of the Governorates ... Cancelling the Customs Over Aleppo Goods Will Reduce Their Prices" (in Arabic), 21 May 2017, <https://bit.ly/2QIg3Tv>

⁵² Interview over social media with a displaced person from the northern countryside of Homs residing in Afrin, August 2019.

⁵³ The circular from the Military Security Committee in Aleppo addressed all the security branches, the civil and military police, the National Defence, and the al-Bustan Charity Foundation without mentioning the 4th Division, which continued to work in customs in the governorate. For more, see al-Khabar, "A Decision to Halt Customs ... Will the Imposition of Commissions in Aleppo Stop?" (in Arabic), 20 May 2017, <https://bit.ly/2rZVzgs>

⁵⁴ Fares al-Rifai, "Intelligence Evacuates the Port of Tartus for the 4th Division while Russian Confidence in the Regime's Officers is Shaken, *Zaman al-Wasl*, 22 March 2016, <https://bit.ly/2tr6ksV>

decision.⁵⁵ Among the most prominent intermediaries is Khodr Ali Taher, known as Abu Ali Khodr, who was not a widely recognised figure before the crisis.⁵⁶ He has become one of the Fourth Division's most important contractors for convoy protection since 2016. Khodr would not have attained such a position were he not approved by the Division's security bureau by virtue of his links with leaders of paramilitary groups working with both the Air Force Intelligence and the Fourth Division.

In 2016, Abu Ali Khodr ran convoy protection with minimal organisation, as is evidenced by the absence of any receipts or financial reports. He would only accept cash immediately after the protection was completed, relying on partners and later on the Fourth Division's security groups, which he recruited from the people in his area Safita and are headed by his brother-in-law, Ihab al-Rai.⁵⁷ The convoy protection process saw noticeable development after Khodr established the Castle Company for Protection, Guarding and Security Services in 2017,⁵⁸ which, according to financial reports, officially took over the convoy protection contracts and organised them.⁵⁹ It can be said that the company has become the informal executive arm of the Fourth Division's security bureau, still depending on its groups' card-carrying cadres. It also operates according to the principle followed by its sectors, as there is evidence that the leaders of the company's sectors are themselves leaders of the Fourth Division's security sectors. Moreover, the company is active in areas where there are Fourth Division checkpoints and it operates under their protection, in that the Division's checkpoints are responsible for security checks while the company's checkpoints located behind those of the Division are responsible for convoy protection.⁶⁰

Abu Ali Khodr was incorporated into Maher al-Assad's economic network in 2017 and became one of his cronies. This status has allowed him to confront his local opponents, such as Interior Minister Mohammad Khaled al-Rahmoun, who issued a circular in February 2019 ordering police units not to deal with or receive Khodr, only to revoke the circular the following month.⁶¹ In the same context, the Syrian News Channel was forced to remove from the internet an interview with Fares Shehabi, chairman of the Syrian Federation of Chambers of Industry, after Abu Ali Khodr was explicitly named as responsible for imposing fees on factories in Aleppo.⁶²

Khodr was entrusted with the task of investing the income generated by the Division and integrating it into the formal economy. As of mid-December 2019, he had made eleven investments since 2017 in the form of companies and projects in the telecommunications, contracting, transportation, tourism and security sectors.⁶³ Notably, some of these companies are owned in full by Khodr while others are partnerships co-owned with his convoy protection associates, such as Ihab al-Rai.

⁵⁵ Interview with a staff member of the 4th Division Security Office, *ibid*.

⁵⁶ Businessman Khodr Ali Taher, from Safita, is called Abu Ali Jijeh. Some accounts suggest that he worked in smuggling before 2011.

⁵⁷ An observation made by the author following a group of accounts belonging to the 4th Division and its security bureau, and those working in the Castle Security Company.

⁵⁸ Castle, "Press Interview - National Press," <https://bit.ly/34aN28d>

⁵⁹ The researcher examined some financial reports on the Boqros and al-Mayadeen crossings in Deir ez-Zor, where the Castle Company undertakes the customs process and the 4th Division is deployed.

⁶⁰ Interview with Manhal Bareesh, September 2019.

⁶¹ Syrian Snack, "Why Did the Minister of Interior Back Down from his Decision to Halt Dealing with Abu Ali Khodr?!" (in Arabic), 11 March 2019, <https://bit.ly/2BJ8Tr8>

⁶² Al-Modon, "Syrian News Withdraws Fares Shehabi's Interview" (in Arabic), 27 February 2019, <https://bit.ly/38MXeGP>

⁶³ The Syrian Company for Metals and Investments; the al-Yasmeen Contracting Company; the Syrian Company for Hotel Management; the Ella Company for Media Services, the Emmatel Company for Communications, the Emmatel Plus Company; the al-Ali and al-Hamza Company; Al-Ustoora for Transport and Customs Clearance; the Castle Security Company and an industrial company for the production of gypsum boards, the Elegant Furniture Company.

Moreover, Khodr was relied on to support and sponsor local social initiatives, to the point that he was dubbed ‘the Father of the Poor.’ Such initiatives included the ‘Together, and We Will Remain Together’ team and the Basmet Shabab Souria Foundation, active in the Tartus Governorate provinces of al-Shaykh Badr, Baniyas, Draykish and Safita. Abu Ali Khodr’s focus on this governorate – which he hails from himself – may stem from a desire to serve its people in order to later invest this politically by running in local or parliamentary elections. Alternatively, it may result from a directive issued by the regime in an effort to rebuild its patronage networks and absorb the resentment of loyalists in the governorate, more than 200,000 of whom were killed between 2011 and autumn 2018, according to certain sources.⁶⁴

2.3. Levy Contractors: Networks of Traders and Smugglers

Unlike convoy protection, the phenomenon of levying arose during the crisis. It emerged after the internal borders of areas controlled by the various parties to the conflict were delineated, spurring them to set up checkpoints at the internal crossings between their areas and those of their opponents. The forces overseeing these crossings soon realised the commercial opportunities represented by these different areas and the potential mutual benefit from investing in these crossings,⁶⁵ which motivated them to levy financial fees, known as ‘royalties,’⁶⁶ on the transit of goods and individuals from one area to another.

Numerous forces have taken part in these levying operations, including customs and military security patrols.⁶⁷ After Russia’s military intervention in September 2015, the Fourth Division increasingly began to dominate the activity in areas under regime control. As Russian forces led military operations against opposition factions, having been relieved of battle commitments and attrition the Division was able to re-deploy and focus more on war economy activities.

By 2018, the Fourth Division had become a dominant levying entity, although not the only one as security branches continue to levy fees at their own checkpoints as do other army formations and certain auxiliary forces. The Fourth Division managed to achieve this dominance by deploying checkpoints on major domestic and international highways,⁶⁸ most prominently those between Damascus and Aleppo (M5), Latakia and Aleppo (M4) and Damascus and Beirut (M2). Another key contributing factor was the erection of checkpoints at international border crossings under regime control, including the Masnaa/Yabus crossing between Syria and Lebanon, the al-Bukamal/al-Qaim crossing between Syria and Iraq and the Nasib/Jaber crossing between Syria and Jordan. Furthermore, the Division deployed checkpoints along sub-roads adjacent to areas with industrial facilities, such as Shaykh Najjar in Aleppo and the stone quarries in al-Salamiyah, Saydnaya, Adra and al-Dameer in Damascus Governorate.⁶⁹

⁶⁴ Mohammed Salam, “Tartus and the Aftermath of a Devastating War” (in Arabic), *al-Mayadeen*, 19 September 2018, <https://bit.ly/2sBgve4>

⁶⁵ France 24, “Making a Killing: Syrian Foes Profit from Trade Across Front lines,” 31 July 2018, <https://bit.ly/2FrHr2O>

⁶⁶ Royalties or dues are defined as a form of revenue based on direct and coercive power and are imposed by the ruling party on whoever wants to make material and moral profit. For more, see Adib Nehmeh, *The State of Spoils and the Arab Spring* (in Arabic), Beirut, Dar al-Farabi, 1st edition, 2014, p. 95.

⁶⁷ One of the unofficial reports about the internal al-Saan crossing undertaken by Yusuf Khanat, nicknamed Ghawar. Rema Khouri’s personal account on Facebook, 19 February 2018, <https://bit.ly/2Ytz6Ez>

⁶⁸ Yazan al-Tayem, “The Regime Grants the 4th Division New Powers in Syria,” *Orient Net*, 8 December 2018, <https://bit.ly/2BOOvog>

⁶⁹ Sweida 24, “The Everyday of Customs While the Imposition of Royalties on The Children of Sweida Continues,” Facebook, 2 February 2018, <https://bit.ly/36bw8qT>

The value of the levying contract for each crossing is determined by the Division's security bureau on the basis of the commercial traffic in the area.⁷⁰ The bureau then grants the contract to senior intermediaries close to it who have been involved in smuggling or who are major businessmen, deeming these the most competent people to manage the activity due to their experience and networks of relationships with various parties in the conflict. In this manner, businessman Khaled Hboubati, president of the Syrian Red Crescent since late 2016, acquired a contract for levying at the Khirbet Ghazaleh crossing in Daraa in 2017. The contract came as a reward for his support of the regime and to compensate for losses he had incurred since the start of the protests after his dried apricot trading business was halted in Eastern Ghouta and his Damascus Casino project was shut down in 2011.⁷¹ Hboubati was required to pay 700 million Syrian pounds a month to the security bureau.⁷²

Similarly, since 2013 the name of a smuggler from Tal Kalakh, Yusuf Khanat, nicknamed 'Ghawar,' has also risen to prominence as the best-known levying contractor. He repeatedly won contracts for internal crossings in the northern Homs countryside, in Hama and in Aleppo, by virtue of his network of contacts in Air Force Intelligence and the Fourth Division, together with his local relationships formed during his previous smuggling work.

Senior intermediaries had to pay the security bureau for the contract in cash. The contract would then be awarded to local intermediaries through auctions. According to one displaced person from northern Homs countryside, Ghawar held an auction for contracts in the area every month at the Abu Rhyael tent. The contract would be granted to the highest bidder after he paid Ghawar in cash, after which he was entitled to bring in a certain quantity of goods for a specified period of time, usually a month.⁷³ Among Ghawar's partners, the most prominent local intermediaries were Ali Muhanna from the town of Yahmur in Tartus – the commander of what is known as the al-Sahabat Regiment, one of the auxiliary formations of the Tiger Forces headed by Brigadier General Suheil al-Hassan⁷⁴ – and two businessmen, Ramez and Rami al-Table, also affiliated with al-Hassan.⁷⁵ It is said that these partnerships and relationships resulted from joint fieldwork undertaken by the Fourth Division and Air Force Intelligence, including the Tiger Forces. They were also a result of the proximity of Major General Jamil al-Hassan to Maher al-Assad. It is worth mentioning that between 2009 and 2019 Jamil al-Hassan was the director of Air Force Intelligence, to which Suheil al-Hassan belonged. However, it should be noted that the relationship between the Tiger Forces, known since September 2019 as the 25th Special Mission Forces Division, and the Fourth Division was negatively affected by Russia's support of Brig. Gen. al-Hassan due to the pressure it had exerted on the Fourth Division and the replacement of Jamil al-Hassan with his deputy, Major General Ghassan Ismail, who does not have close ties to Maher al-Assad, in July 2019.

⁷⁰ Online interview with a Syrian journalist residing abroad, September 2019.

⁷¹ Telephone interview with an official in a civil society organization in Turkey, November 2019.

⁷² Online interview with a local activist from Daraa governorate, December 2019.

⁷³ Interview with a displaced person from the northern Homs countryside residing in Afrin, *ibid.*

⁷⁴ The Tiger Forces are an elite unit with more advanced equipment than the army, mostly comprising Alawite officers from the 4th and 11th Divisions. The regime's Air Force Intelligence Department recruited Alawite civilians and trained them to join this special force. Kheder Khaddour, *ibid.*

⁷⁵ Ali Muhanna, a businessman from Tartus, who prior to the protest movement focused his work in the port of Tartus, rose to prominence in 2015 by leading one of the auxiliary groups of the Tiger Forces. He owns the Muhanna Company, a commercial company specialized in the sale of motorcycles and bicycles, and the al-Manara Tourist Resort in Tartus. As for Rami and Ramez al-Tabal, they are two businessmen from Baniyas and originally from Ariha in Idlib governorate. They are considered close to Brig. Suheil al-Hassan and they have investments and projects, most notably the Qasoor Trading Company and the United Company for the manufacture of baby diapers and manufactured products. Rami al-Tabal is also Chairman of the Asas Oil Company.

3. The Fourth Division's Intervention in State Institutions

Before the crisis, the Fourth Division would indirectly influence the selection process for state officials in various ways. Maher al-Assad would ask his brother Bashar to appoint specific people in the five port departments of Latakia, Tartus, Baniyas, Arwad and Jableh, since in reality the decision was taken by him, although it would formally be issued by the Prime Minister. Often, individuals known for corruption were appointed as they would be easy to control and then removed later on the pretext of 'fighting corruption.'⁷⁶ In this way, Sulayman Balush was appointed general director of the port of Latakia in 2007, an appointment extended to 2010 despite him having reached the legal age for retirement, on the recommendation of the Minister of Transport at the time, Yaarub Bader. He was later removed from this position in 2011 by Prime Minister Adel Safar on charges of negligence and gross violations at the port.⁷⁷ In addition, Maher al-Assad directed the head of the security bureau, Ghassan Bilal, to communicate with the Prime Minister and his cabinet and ask them to appoint specific people in the state bureaucracy or to facilitate the work of businesses related to his economic activities.⁷⁸

The Fourth Division values ports highly, as they handled an average of 70 percent of the volume of foreign non-oil merchandise trade between 2002 and 2010⁷⁹ and generated substantial revenue from transit trade. The ports are also important for the Division in managing antiquities smuggling and drug trafficking.

Through its security bureau, the Fourth Division exercised its influence on the selection of candidates for certain positions in institutions or departments of economic importance, particularly the head of the Operations and Investment Directorate in the ports of Tartus and Latakia, since those who hold these positions are strong candidates for the post of general manager of the port. This is what happened, for example, with Sulayman Balush, who was head of the Investment Directorate at the Latakia port before becoming the port's general manager. In this context, one expert who worked with the Syrian government before the crisis explained the mechanism for selecting candidates for positions of economic importance as follows: "The cabinet has a special office headed by a brigadier general and linked to the private security office in the presidential palace. This office conducts a security check of people nominated for important positions of an economic or development nature in cooperation with the security authorities, including the Fourth Division. The security check is sent to the palace office, which then presents it to the president, who then decides whether or not he will appoint the candidate."⁸⁰

It appears that there has been a change in how the Fourth Division intervenes in the management of the state's economic institutions. The context for this is the growing influence of Maher al-Assad inside the presidential palace following the departure of the Tlass family from Syria, and the killing in 2012 of Major General Assef Shawkat, husband of Bashar's and Maher's sister Bushra,⁸¹ alongside the diminishing influence of the Makhoul family in the palace since 2016, following the death of Bashar's mother, Anisa, and the illness of his uncle Muhammad Makhoul, the so-called 'Godfather' of

⁷⁶ Interview with Attorney Tariq Haj Bakri, *ibid*.

⁷⁷ Cham Times, "Relieving the Director of the Latakia Port from his Duties Due to Major Violations," 11 June 2011, <https://bit.ly/2SR7sAO>

⁷⁸ An interview over social media with a close associate among former decision-making circles in Syria, *ibid*.

⁷⁹ Samer Mohammad Ahmad, "The Competitiveness of Syrian Seaports," doctoral thesis, Tishreen University, 2015, <https://bit.ly/2sx0l5p> p. 22.

⁸⁰ Interview on social media with an expert currently residing in Beirut who was working with the Syrian government prior to the crisis, December 2019.

⁸¹ Kirill Semenov, "Who Controls Syria? The al-Assad Family, the Inner Circle, and Tycoons," *Modern Diplomacy*, 14 February 2018, <https://bit.ly/34Xlp28>

the family. This change was evident when the Fourth Division deployed its forces in the management of the Latakia and Tartus ports and began running the ports itself instead of relying on proxies.

It is worth noting that the presence of the Fourth Division in the ports of Latakia and Tartus dates back to 2014,⁸² when it worked to establish a department affiliated with its security bureau, through which branch offices are linked to control all aspects of administrative work in the two ports. The Fourth Division itself empties containers to transport to the presidential palace goods imported from Iran or owned by one of the businessmen securing the passage of their goods. In addition, it inspects containers and oversees the unloading process. It continues to play a central role through its security bureau in proposing and recommending candidates to the Minister of Transport to be appointed as sub-directors at the two ports.⁸³ The Division also had its delegates accredited by the customs clearance offices, the most prominent of which is the al-Ustoora Company for Transport and Customs Clearance, owned by businessmen Khodr Ali Taher and Issam Issa Ismail, director of the Syrian Company for Metals and Investments.⁸⁴

However, the Fourth Division's control of the two ports is affected by the interests of Damascus's two allies Russia and Iran. Its role in Tartus port was curtailed after the Syrian government signed a port investment contract with the Russian company STG Engineering in early 2019.⁸⁵ This company is owned by businessman Zakhid Shakhshurov, who according to some sources has close ties to Russian President Vladimir Putin.⁸⁶ Its presence is limited to one office charged with facilitating business related to the Fourth Division and the passage of shipments escorted by the Fourth Division's security bureau.⁸⁷ The Fourth Division is also no longer the dominant security authority in the port, as a Russian checkpoint located behind the Syrian customs point is responsible for inspecting shipments. In contrast, its control over the Latakia port has not been affected so far as, pending the determination of the entity that will assume the port investment contract, it still maintains its management and branch offices there. However, there are limits to this control that the Division cannot transgress, as it remains contingent on the approval of the presidential palace. Someone with close ties to the Fourth Division, for example, attempted to assume the position of general manager of Latakia port during changes that affected some of the port's directorates in August 2019⁸⁸ but failed after being unable to gain the approval of the president, who supported the current port manager, Amjad Sulayman, who was appointed in 2014.⁸⁹

⁸² Jamil al-Assad and his children, and then later Mundher and Fawaz, followed by Ayman Jaber, took over the administration of the port of Latakia in exchange for a certain percentage to be paid to Bassel al-Assad and then to Bashar. See al Iqtisadi, "Imam Jamil al-Assad, King of Crossings ... and Bashar and Bassel as Partners," 7 March 2017, <https://bit.ly/2QGYXFv>

⁸³ Interview with a worker in the port of Latakia, *ibid.*

⁸⁴ Dua'a Mahfouz, "Owner Emmatel Receives License to Run the Agency for Marine Vessels," *al Iqtisadi*, 13 October 2019, <https://bit.ly/36bXeOx>

⁸⁵ Bassam Youssef, "Exclusively for Syria TV: The Full Text of the Contract for the Commercial Port of Tartus," *Syria TV*, 16 May 2019, <https://bit.ly/2sf9r6o>

⁸⁶ Syrianposeidon.net page "Starting the Russian Executive Steps at Tartus Port," Facebook, 25 October 2019, <https://bit.ly/34z1Sox>

⁸⁷ Interview with a local businessman residing on the coast, *ibid.*

⁸⁸ The changes included the appointment of Ziad Kamel Abbas as head of the Directorate of Operations and Investment in the General Company for the port of Latakia, and the appointment of Hussein Khaled Zangarli as head of the Directorate of Planning and Statistics at the same port.

⁸⁹ Interview with a worker in the port of Latakia, *ibid.*

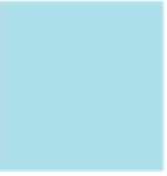
Conclusion

The regime has resorted to strengthening and re-concentrating power within its own institutions rather than those of the state. The result is that the role of the Fourth Division, one of its institutions, and especially its security bureau, increased during the conflict, as the regime relied on it to dominate the income generated by the war economy and restricted the right to benefit from it to the Fourth Division alone. Perhaps this sheds light on the Fourth Division's efforts to dominate the activities of the war economy, which would not have been possible without the facilitation and privileges granted to it by the regime, and had the latter not turned a blind eye to its activities and partners.

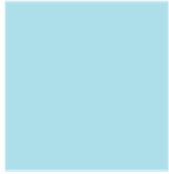
The war economy activities undertaken by the Fourth Division have been used to support the regime, investing part of the income generated in rebuilding its local networks in loyalist areas, especially on the coast. This was accomplished by supporting community-based initiatives and charitable activities managed either directly by it or through its local mediators. Informal economic networks have also expanded into the formal economy. War economy income has been converted into investments, companies and projects established by businessmen in Maher al-Assad's economic network, after being granted the privilege of benefiting from war economy activities at a time when their interests were affected by the protest movement and Western and US sanctions. In addition, local economies and actors in them have been linked to the regime's economic networks and controlled through an assortment of intermediaries.

As a result, the war economy activities in which the Fourth Division has been involved have produced local networks integrated into its economic network led by its security bureau. Accordingly, the new intermediaries who run these networks and who enjoy the wealth and favour of the regime have a greater opportunity to develop their role as players in the political and economic scenes at the local and perhaps also national levels.

However, despite the growth of the Fourth Division's informal economic network during the years of conflict, it remains fragile in the face of Russian competition. Russia is working to extend its dominance over revenue sources in Syria, such as ports and natural resources. The network is also subordinate to the inclinations of the presidential palace, which has the ability to weaken and contain it.



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