

# POLICY BRIEF

## Competition, Collusion and Smuggling: Syria's Borders with Turkey and Iraq

### Abstract

Smuggling goods in and out of Syria to Turkey and Iraq has long been an essential part of the Syrian economy. Smuggling was dominated by affiliates of the Syrian regime before 2011, and new actors have since emerged. The increase in smuggling activities during the Syrian conflict has been encouraged by many factors, and illicit trafficking has taken on different forms depending on the level of collusion and cooperation between actors. Smuggling has created complex patronage networks with even foes working together. To develop adequate strategies to limit illicit flows, policymakers must adopt a holistic approach. Measures need to go beyond security to be effective.

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## Introduction

In the Syrian conflict, new actors filled the security and governance voids created by state withdrawal from large parts of the country. Smuggling is not a new phenomenon in Syria. But it developed during the war, with large illicit markets for fuel, human smuggling, drugs and consumption goods. Criminal networks, business cronies, armed groups and states have fought over the control of these new “resources”. In their quest for dominance, players eliminated local competition, established new patronage networks, manipulated markets and cooperated with enemies to expand their reach and revenues.

The Syrian conflict has fractured the country into four sub-national territories with distinctive authorities, political and social orders. In the last two years, as the conflict has wound down, these *de facto* authorities have consolidated their positions by seizing control of local resources and assets, establishing new protection economies.<sup>1</sup> The armed actors employ violence, extortion, corruption, and rent distribution to collaborators, in business, crime and government. Smuggling in this context, acts as a centrifugal force for enabling trade, and for maximising profits from illicit trafficking. Consequently, the most influential and successful actors are those who are best able to control the smuggling flow.

Research has highlighted the crime-conflict nexus in the Syrian context; the impact of smuggling on the Syrian conflict financing; not to mention the implication of non-state actors in illicit narcotics trafficking.<sup>2</sup> However, we have little knowledge about how these activities influence local socio-political dynamics. Instead of analysing the consequences for criminality, terrorism or regional security, a more holistic approach is needed. This would map how non-state actors

establish their command over smuggling; how they use it to re-enforce their authority over local communities; and what vulnerabilities they exploit to maintain their control.

This policy brief focuses on the smuggling between Syria, Turkey and Iraq, the Syrian border areas of which share the common characteristic of being dominated by non-state actors. It seeks to address three interconnected questions: how does smuggling work in Syria? How do non-state actors exploit smuggling revenues and activities to seek authority, monopolies, and clientelism? How does smuggling trigger cooperation or competition among different actors and zones of influence? This policy brief relies on field research in north-western Syria during 2021; interviews with local businessmen, councils, armed actors, and activists over the same period till February 2022; and open-source articles and reports on smuggling between Syria and its neighbours.

## 1. Actors and Illicit Flows

After eleven years of conflict, markets for oil, drugs, human smuggling and goods have become the most stable income sources for several groups. Over time, their dependency on smuggling and trafficking has consolidated armed actors and business cronies’ control over local governance and local economies. Contests over these economies have often been settled through violence.

### 1.2. Turkey: Goods, People and Antiquities

Thanks to seven operating border crossing points with Turkey (Map 1), the flow of Turkish and foreign products into northern Syrian border areas is mostly legal and conducted through

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1 Protection economies are ecosystems controlled and managed by the *de facto* authorities, which are, in the Syrian context, dominant armed actors in their respective zones of control. These authorities intervene regularly on markets and production capabilities and systematically sanction economic activities. The private sector whether enterprises or individuals have little room to manoeuvre, while the public sector is inexistant or inefficient. Tuesday Reitano and Mark Shaw, “Libya: The Politics of Power, Protection, Identity and Illicit Trade,” *United Nations University Centre for Policy Research, Crime-Conflict Nexus Series*, no. 3, May 2017, <https://bit.ly/3MXz4xJ>; Mark Shaw, “A Tale of Two Cities: Mafia Control, The Night-Time Entertainment Economy and Drug Retail Markets in Johannesburg and Cape Town, 1985–2015,” *Police Practice and Research* 17, no. 4 (2016): 353-363.

2 Matt Herbert, “Partisans, Profiteers, and Criminals: Syria’s Illicit Economy,” *The Fletcher Forum of World Affairs* 38, no.1 (2014): 69-86, <https://bit.ly/3q8OepO>; Max Kravitz and Will Nichols, “A Bitter Pill to Swallow: Connections between Captagon, Syria, and the Gulf,” *Journal of International Affairs* 69, no. 2 (2016): 31-44, <https://bit.ly/36l3QQ8>; Rachel McGrath, “Conflict and Crime: Smuggling to Turkey from Iraq and Syria,” *Pitt Policy Journal*: 98, (2020); Christina Steenkamp, “The Crime-Conflict Nexus and The Civil War in Syria,” *Stability: International Journal of Security and Development* 6, no. 1 (2017): 1–18, <https://bit.ly/34Ljx99>

official trade channels. On the Syrian side, the borders are under the control of Hay'at Tahrir al-Sham (HTS) in the governorate of Idlib, and the Syrian National Army (SNA) in northern Aleppo and northern Raqqa. Other border crossings are sealed and tightly monitored by Turkey. Access to Turkish markets allows the procurement of different types of merchandise and raw material for production. These include food, medicines, construction material, machineries, chemicals, textile, and refined oil.

The profits of illicit goods flows and people from Turkey are due primarily to the large volume of legal trade crossing the borders from Turkey to Syria. The average number of trucks daily was estimated at 410 in 2021; there are relatively low fees (from TRY 80-300 or USD 6-22 per ton for most goods);<sup>3</sup> and there are uncomplicated procedures for passage. The maintenance of relatively high flows of trade between the two countries is a result of the collapse of local production capabilities in the Syrian agricultural and industrial sectors. There is also a weak institutional Syrian presence to regulate trade.<sup>4</sup>

Smuggling from Syria to Turkey remains a major activity. This includes the illicit passage of people, the smuggling of drugs and small shipments of cigarettes, mobile phones, and antiquities.<sup>5</sup> Smuggling occurs all along the borders with the Idlib and Aleppo governorates. It is clearly next to impossible to assess the volume of smuggled goods by zone. However, HTS-controlled territory, in Idlib, has significantly higher activity than SNA-held northern Aleppo. There are several reasons for this. First, fierce fighting in northern Aleppo, until the end of the Olive Branch Operation in Spring 2018, disrupted illicit flows. This prevented the formation of stable smuggling actors and networks. Second, the robust Turkish military presence in

northern Aleppo has considerably increased the cost and risk of smuggling: in Idlib, the Turkish army is less mobile and free to scout the region. Third, contrary to HTS's transactional relationship with Turkey, SNA factions are strategically tied to their backer. They are, therefore, less tempted to engage in smuggling for fear of harming their relationship with Turkey.

HTS is the principal smuggler enabler and benefiter here, gaining, as a result, income and leverage. Internally, local HTS branches in Salqin, Atmeh, Harem, Khirbet al-Joz, and Darkush manage smuggling and collect fees from smugglers and facilitators.<sup>6</sup> The group relies on a few trusted individuals: among them Mustafa Kadid and Abu Ibrahim Salameh.<sup>7</sup> Kadid, aka Abu Abdulrahman Zerbeh is from northern Idlib and was well-connected to pre-war smuggling networks. He is reportedly in charge of setting up the policies and fees for trade passage and smuggling in and out of HTS territory. Salameh is from Marea (northern Aleppo), a city also known as a pre-conflict smuggling hub. He matters because of his relationship with local communities, leaders, and members of local armed groups. This facilitates the group outreach and network building away from its heartland.

People smuggling constitutes one of HTS's most lucrative revenues. Following the suspension of visa exemption for Syrian nationals by the Turkish government in January 2016, Syrians have needed help crossing the border illegally. The main drivers behind this are the loss of livelihoods, the hardening economic conditions, deteriorating personal security, and the lack of infrastructure. North-western Syria hosts approximately 5.5 million civilians, half of whom are internally displaced people,<sup>8</sup> and 85% of whom live under the poverty line.

3 Interview with a local exporter, Idlib, 3 January 2022. Syrian Interim Government Presidency, "Decision n. 2," 1 January 2022, <https://bit.ly/3rSexSE>

4 In 2010, Turkey was considered Syria's most important trade partner, with more than USD two billion, and has retained this position through the war years, with USD 1.6 billion of trade in 2021. Trading Economics, "'Turkey Exports to Syria' 2022 Data 2023 Forecast 1989-2020 Historical," March 2022, <https://bit.ly/3CNhcRo>

5 Rachel Shabi, "Looted in Syria – and Sold in London: The British Antiques Shops Dealing in Artefacts Smuggled by Isis," *The Guardian*, 3 July 2015, <https://bit.ly/3tfJ2Tf>; Daily Sabah, "Crackdown on Smuggling Saves Artifacts from Turkey, Syria," 15 June 2019, <https://bit.ly/3u6zeu5>

6 Interview with a local activist, Idlib, 17 December 2021.

7 Skype interview with a HTS former member in Antakya, 1 March 2022. Skype interview with a local businessman in Darkush, 3 March 2022.

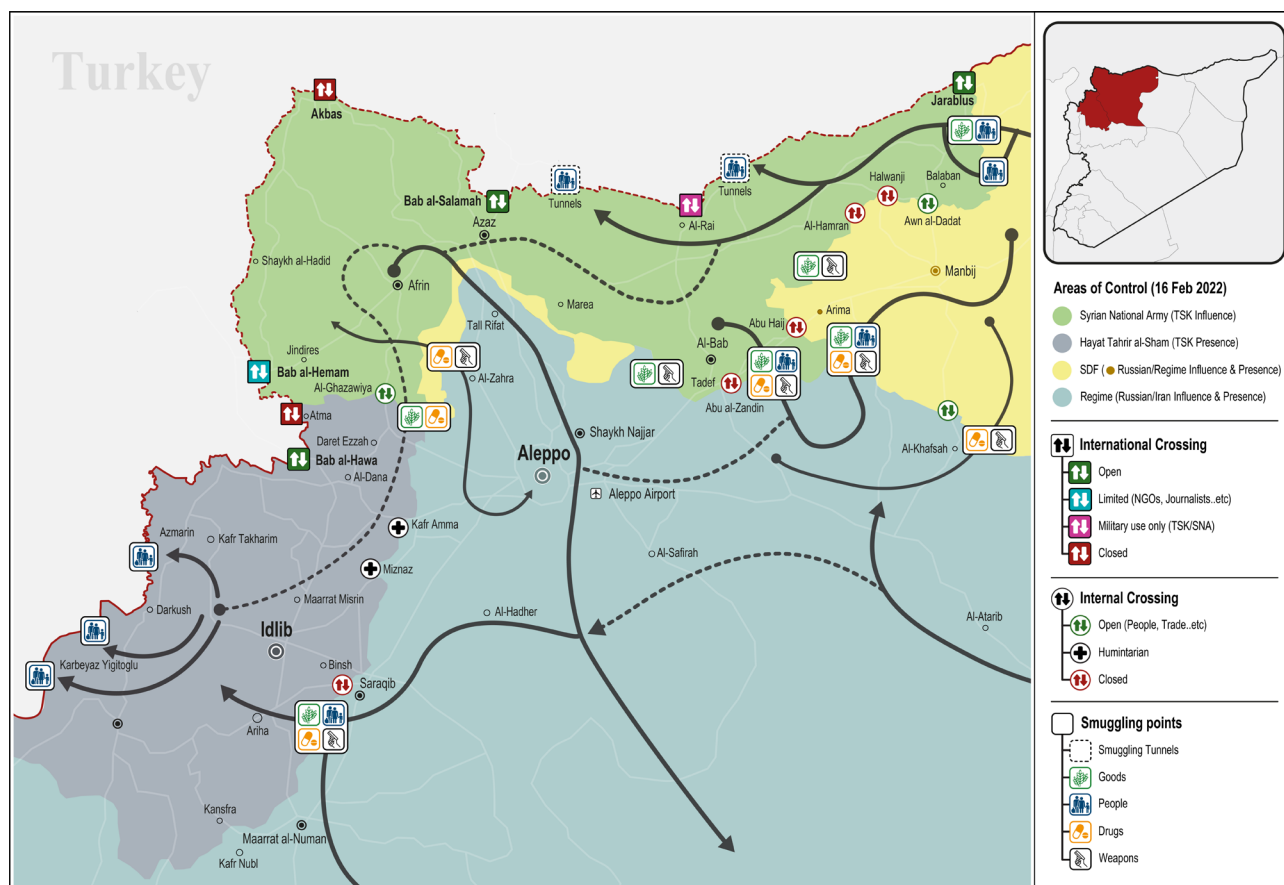
8 Assistance Coordination Unit, "Population, Displacement and Return Movements in Northern Syria," Humanitarian Data Exchange, 9 February 2022, <https://bit.ly/35e6WVX>

Financially depleted and with few prospects for decent living conditions, many naturally seek refuge either in Turkey or in Europe (via Turkey). Civilians from regime and Autonomous Administration of North-Eastern Syria (AANES) territories also aspire to leave the country. For many the easiest route is through north-western Syria despite the risk it entails.<sup>9</sup> For HTS and smugglers, this has created additional extortion opportunities as they facilitate illicit passage to Turkey.

Illicit migrant flows come through three different channels in north-western Syria. The first has corrupt Turkish officers transport an individual in his vehicle during shift rotations: cost USD 5,000 per passage. The second sees Syrians cross the

border through underground tunnels dug near the border towns of Basaqba, Khirbet al-Joz, in the Turkmen mountains, and at al-Rai: cost USD 2,700 per passage.<sup>10</sup> The third involves foot crossings on the border: cost per passage USD 500 to 3,500 (depending on Turkish borders patrols' complicity in the operation).<sup>11</sup> HTS does not deal directly with Turkish officers due to restrictions imposed by the Turkish army. Instead, intermediaries and smugglers are used to negotiate and facilitate the transactions. In exchange, HTS collects 20% of the fees for the more secured and guaranteed channels, and 10% for the riskier routes.<sup>12</sup> SNA factions also function in a similar manner, but their involvement is much less, due to the tighter scrutiny exercised by Turkish authorities over their activities.

**Map 1: Smuggling in North-West Syria**



Source: The authors

9 Abdullah Al-Jabassini, "Migration from Post-war Southern Syria: Drivers, Routes, and Destinations," Research Project Report, (Florence: European University Institute, Middle East Directions, Wartime and Post-Conflict in Syria, 6 January 2022), <https://bit.ly/3rerjJp>; Al-Souria, "Migration from Areas of the Regime, Multiple Ways and Destinations to Reach the 'Abroad'" (in Arabic), 14 October 2021, <https://bit.ly/3tih3kq>; Associated Press, "Poverty, Fear Drive Exodus from Syria's One-Time Is Capital," VOA News, 22 February 2022, <https://bit.ly/3sq5yIG>

10 These tunnels expand over 200 meters, and their digging costs USD 100,000.

11 If a Turkish officer is involved in transporting the person from the borders to a nearby town, the cost of passage is USD 3,500. If he is bribed into not reporting the illegal crossing to the Turkish gendarmerie, the cost is USD 1,000 but the smuggled person risk getting caught by one of the patrols roaming the area. If no Turkish officers are involved, people cross the borders with the help of smugglers but on their own risk for a fee of USD 500 to 700.

12 Skype interviews with a smuggler from Saraqib, 27 December 2021; a local businessman in Darkush, 2 January 2022; a researcher in Idlib, 5 January 2022.

Antiquities is also an important source of smuggling revenue. North-western Syria hosts 760 archaeological sites, including five historical towns registered on the UNESCO world heritage list.<sup>13</sup> These have been regularly pillaged by treasure hunters and smugglers. In Idlib, HTS dominates the activity and is directly involved in digging up artifacts. In Afrin, the Sultan Suleyman Shah brigade has reportedly been involved, particularly in plundering the historical site at Tall Arnada.<sup>14</sup> Most smuggled artifacts are small objects such as coins, fragments of glass, clay pots and house utensils. Occasionally, bigger and more valuable items from other regions in southern and central Syria are also smuggled out of the area in collaboration with intermediaries working with the regime's Fourth Division and the Islamic State (IS). The items are transferred to Turkey where they are resold to local art dealers or on international markets. The value of traded objects varies from a few hundred to hundreds of thousands USD.<sup>15</sup> Sales proceeds are then distributed between the evaluating expert, the smuggler, the facilitator, and the armed group protecting the site. Additionally, a finding fee is also paid to the workers on site. But this does not exceed USD 50 per person.<sup>16</sup>

In comparison, revenues generated from smuggling cigarettes and mobile phones are relatively low. Indeed, profits are so small that HTS has avoided, for the most part, this activity. Lower prices in Syria, compared to Turkey, where they are heavily taxed, allows some earnings though. Smuggling operations here are mostly conducted by local factions and inhabitants in cooperation with corrupt Turkish soldiers patrolling the border.<sup>17</sup> Profits range from tens of

dollars to USD 100 per shipment at most. These profits are divided between the smuggler and corrupt Turkish soldiers. These same channels are also used to smuggle alcohol, cheap medicine, and small quantities of drugs.<sup>18</sup>

## 1.2 Iraq: Oil, Militants and Drugs

On the Syrian side, the control over the Iraqi border is divided between the Kurdish dominated Syrian Democratic Forces (SDF), and regime forces and their allies in the Iranian-backed militias (Map 2). On the Iraqi side, the control of the Kurdistan Regional Government (KRG) Peshmerga over northern borders has been a subject of contention with Baghdad. The Iraqi army's authority, meanwhile, over the southern borders is often challenged by the Popular Mobilisation Forces (PMF).<sup>19</sup>

Bilateral legal trade between Iraq and Syria occurs through the Semalka and al-Bukamal crossing points. It differs greatly in the type and volume of exchanged products, as well as their beneficiaries, customers and consumers. Semalka, established in 2013, provides the AANES with the principal lifeline for procuring goods, as well as for humanitarian and military aid from the US and from other SDF international backers.<sup>20</sup> Al-Bukamal was suspended in 2012 and only reopened in the fall of 2019. The volume of goods crossing through its gates is relatively low and they are mostly produced in western Syria.<sup>21</sup> This crossing point acts mostly as a logistics hub for Iranian-backed militias on the land bridge that, theoretically at least, links Iran to the Mediterranean.

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13 Ninar Khalifa, "Do We Protect the Rest of Our History or Cry over the Ruins? The Ruins of Idlib, Civilisations on the Forgotten Lists" (in Arabic), *Enab Baladi*, 24 February 2021, <https://bit.ly/352HW3C>

14 Alexander Ayoub, "Syria: The Trafficking of Antiquities Smuggling, and the Opposition and the Regime Are Accused" (in Arabic), *The New Arab*, 13 May 2013, <https://bit.ly/3LFJYre>

15 Steve Swann, "Antiquities Looted in Syria and Iraq Are Sold on Facebook," *BBC News*, 2 May 2019, <https://bbc.in/3u102eX>

16 Interview with a former digger from Saraqib, 3 November 2021.

17 Interview with a local activist, Idlib, 19 December 2021. Information also confirmed in several interviews conducted with traders, local council members, and armed groups militants between March and December 2021.

18 Ibid.

19 Harith Hasan and Kheder Khaddour, "The Transformation of the Iraqi Syrian Border: From a National to a Regional Frontier," *Carnegie Middle East Center*, 31 March 2020, <http://bit.ly/3blbMjl>

20 Semalka is the only legal gateway for people and locally produced goods passage from the AANES to Iraq. The crossing point is small, not logistically prepared for accommodating large flows, vulnerable to bad weather, and often subject to closure for political tensions between the KRG and the AANES.

21 The associated costs for protecting the trade convoys from western Syrian to the borders are relatively high, require the hiring of security firms owned and controlled by business cronies and warlords, and thus discourages trade with small margins.

Compared to the Syrian-Turkish border this territory has three distinctive features. First, it is scarcely populated covering arid stretches of the Syrian desert. Second, pre-conflict trade and economic exchange across the border consisted mostly of goods produced in other parts of the two countries. Third, both sides of the border are, in terms of security and administration, controlled by a variety of actors. IS does not control a territory on the border, but it has reach from adjacent regions.

These geopolitical, economic and security realities have made the border into ideal smuggling territory. This presents several challenges for the Iraqi government and the international coalition's anti-smuggling efforts. First, monitoring the border demands extensive human and technological resources. Only a few roads and crossing points connect the two countries, but smuggling routes criss-cross the desert in remote and unsupervised areas. Smugglers have benefited, too, from previous networks and routes established in the aftermath of the American invasion of Iraq: routes consolidated during IS's rule between 2014 and 2018. Second, the low level of legal trade between Syria and Iraq presents few economic opportunities for the local population. They are more susceptible, then, to smuggling. Third, the presence of competing and sometimes enemy actors in Iraq impedes the necessary cross-border cooperation to counter illicit flows. As a result, officers and local communal leaders are more likely to get involved in smuggling.<sup>22</sup>

Smuggling is often used as an alternative form of trade route. Legal border crossings are subject to high taxation, exploitation by armed actors, long waiting times, and can be vulnerable to political and security conditions.<sup>23</sup> Consequently, traders choose smuggling routes to import or export their goods to save time and money or to escape the extortion of the *de facto* authorities at

regular border crossings. Smuggling routes are overseen by the same authorities which handle internal crossings: transportation is managed through networks of smugglers cooperating with them. Smuggling is often reserved for goods and commodities with high profit margins and demand, despite the excessive fees paid to transport them. Such goods include European cars, cement and iron, all imported from international markets. Some are delivered through HTS and SNA controlled areas to AANES territory. They also include oil and fuel smuggled from the north-east to northern and southern Syria.

The main illicit flows consist in livestock, tobacco, drugs, oil, weapons, antiquities, and people. Oil is smuggled in two directions: Syrian crude from northern Syria to the KRG; and Iraqi refined from Iraq to regime held territories. Oil trafficking provides lucrative revenues. For the AANES, it represents the most important source of income and foreign currency.<sup>24</sup> It enables the authorities to follow its own agenda and to control a more significant portion of the local population through rent distribution. For Iraqi business cronies and their patrons in the KRG, it means more income.<sup>25</sup> For Iranian-backed militias and associated business partners, the scarcity of refined oil in regime-held territories also offers them an opportunity to exploit the local population in eastern Syria and to increase their sway over the regime. The PMF operates by taking advantage of Iraq's sovereign oil resources, sends some to Baniyas refinery and refines the rest for sale to Syrians at marked-up prices.<sup>26</sup> There is no official data for smuggled oil, but local sources estimate around 15,000 barrels per day.<sup>27</sup> In the other direction Iraqi militias are still, despite the US-led coalition, maintaining cross-border oil shipments into Syria with the help of Sunni communities in western Iraq.<sup>28</sup> The volume of smuggled oil there is estimated to be 10,000 barrels per day.<sup>29</sup>

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22 Interview with Iyad al-Rawi, al-Qaim local council member, 13 July 2020.

23 For instance, the KRG authorities regularly threaten to close Semalka to exercise pressure on its rival, the PYD. In the most recent episode, the border was closed for three months from December 2021 till late February 2022. Similarly, all legal border crossing points were closed over long period of times during 2021 for COVID-19 restrictions. Amin Al-Assi, "Closing the Crossings East of the Euphrates: A Partial Siege on the 'Self-Administration' in Syria" (in Arabic), *The New Arab*, 21 December 2021, <https://bit.ly/3t9cAC1>

24 The AANES receives an estimated USD 600,000 to 750,000 daily from oil sales revenue.

25 Syrian oil is reportedly resold with a 10-15% profit in black markets.

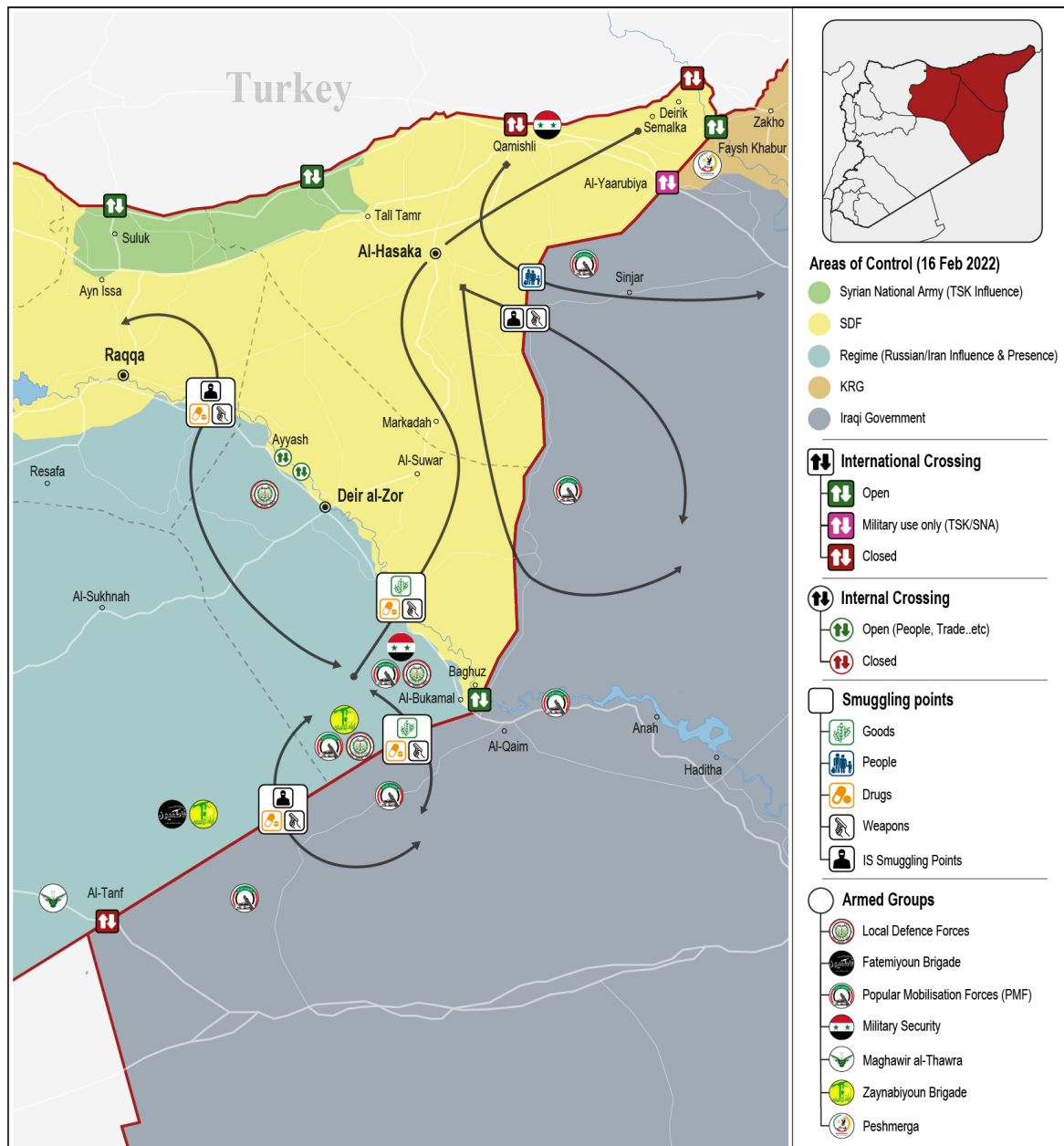
26 Skype interview with a local activist in Baghdad, 23 February 2022.

27 Skype interview with a local researcher in Qamishli, 24 February 2022.

28 Herman Wang, "Illicit Iraqi Oil Smuggling to Syria Continues amid Us Crackdown," *S&P Global*, 12 March 2020, <https://bit.ly/3pmmq0M>

29 Ibid.

## Map 2: Smuggling in Eastern Syria



Source: The authors

Drug smuggling – mainly Captagon, crack cocaine, and crystal meth – also constitutes a significant source of revenue: for smugglers, IS, regime-affiliated criminal networks, and Iranian-backed groups. There is little evidence that drugs are moved from AANES territory into Iraq in large quantities, probably because no significant local production has been established in the region. But Rutbah and al-Qaim in Iraq are, on the other hand, flooded by illegal substances.<sup>30</sup>

Syrian-produced narcotics are shipped through the Syrian desert to western Iraq and from there to the rest of the country, Jordan and Saudi Arabia.<sup>31</sup> Weapons and IS members are also smuggled through the same routes and networks. PMF-affiliated Iraqi media identified Shaker Abboud, the reported IS emir of al-Anbar, as the most prolific drug trafficker, who operates in the region with the collusion of corrupt officers in the Iraqi Special Forces.<sup>32</sup>

30 Shelly Kittleson, "Iraq Urged to 'Starve' Those Profiting from Rising Drug Trade," *al-Monitor*, 27 December 2021, <https://bit.ly/3K5efya>

31 Shelly Kittleson, "Islamic State Takes Border Station in Iraqi Desert with 'Drug Smuggling Wali,'" *al-Monitor*, 8 May 2021, <https://bit.ly/3srqjO2>

32 One News, "Shaker Abboud Reappears to Lead the Drug Trade" (in Arabic), *Facebook Watch*, 11 May 2021, <https://bit.ly/3hl8Rum>

There is no proof for this accusation. Conversely, local sources have reported that PMF and Syrian Iranian-backed fighters widely use drugs.<sup>33</sup> Their participation in smuggling drugs is suspected, given the implication of Hezbollah and members of Assad's extended family in narcotics production and trafficking.<sup>34</sup> The southwestern al-Anbar desert has seen several major drug busts in recent months.<sup>35</sup> But there are no indications of a significant drop in traffic volume.

Smuggling routes are also used for trade purpose in the region. Local inhabitants' economic activities in eastern Syria are generally limited. In addition to small commerce and workshops, they primarily work is in agriculture and by raising livestock. Smuggling activities present them with two opportunities, access to better markets for their products and possible employment in local criminal networks. They engage in low-level smuggling with sheep, tobacco, medicine, and small-scale electronics. In AANES territory, the area surrounding Rabia's closed border crossing witnesses most smuggling activity, particularly near the towns of Masikah, Tall Kochak, Khirbat Hasan, and Khaznat Arnuki. More to the south, the area near al-Qaim crossing is also frequented by smugglers.<sup>36</sup> Smuggling passes through the barbed wire separating the two countries and across the position of the earth mounds removed by IS in 2014.<sup>37</sup> The cost of smuggling a truckload ranges from USD 500 to USD 3,500 depending on the size and the cargo.<sup>38</sup>

Smuggling activities with Turkey and Iraq differ in terms of directions, content, and volume. However, they share similarities in motives, social and economic dynamics, as well as in the role of the local authorities. In both cases, non-state actors control and profit from illicit trade for similar reasons.

HTS, SNA, and SDF consolidate their authority and reinforce their autonomy *vis-à-vis* the state through smuggling revenues.

## 2. Protection Economies and Monopolies

Smuggling with Turkey and Iraq has ramifications for local dynamics in Syria. Control over both external and internal crossings matters in benefitting from trade revenues. This thus exacerbates competition between local actors in each area. Meanwhile, economic interdependence between different Syrian zones of control increases the importance of smuggling for overcoming "regular" trade interruptions. This encourages cooperation between opponents. These two patterns are both central for explaining the establishment of well-rooted patronage networks, associated foes and allies alike, and the consolidation of economic monopolies.

### 2.1. Competition Within and Collaboration with Enemies

All non-state actors (HTS, SDF, the SNA, and Iranian-backed militias) have consolidated their control over illicit flows by seizing territories that border either Turkey or Iraq and that share a frontline with regions under the influence of other local forces. Sharing borders with two distinctive territories allows for the establishment of transit zones, essential for smuggling goods in or out of the country. Territorial consolidation often depended on infighting between armed groups.

In Idlib, HTS subdued all competing factions within three years of its first appearance in the area. Following a series of bloody confrontations

33 Skype interview with a National Defence Force officer, 24 February 2022.

34 Ben Hubbard and Hwaida Saad, "On Syria's Ruins, a Drug Empire Flourishes," *The New York Times*, 6 December 2021, <https://nyti.ms/3HmlQFD>

35 Social Press Center, "The Iraqi Authorities Seize a Shipment of Drugs from Syria" (in Arabic), 28 January 2022, <https://bit.ly/3pp9kzV>; Adnan Ahmad, "Iraq Seizes a Shipment of Drugs Coming from Syria. An American Action Against the Assad Regime" (in Arabic), *The New Arab*, 19 November 2021, <https://bit.ly/3pr8tif>; Modmiliq, "Seven Million Drug Pills and a Quantity of Crystal in the Grip of Military Intelligence" (in Arabic), *YouTube*, 21 April 2021, <https://bit.ly/3D19mnv>

36 Husham al-Hashimi, "ISIS on the Iraqi-Syrian Border: Thriving Smuggling Networks," *Newlines Institute for Strategy and Policy*, 16 June 2020, <https://bit.ly/3COzphn>

37 Skype interview with a former militant in the Syrian National Defence Forces, 2 July 2020.

38 Jaff et al., "'Militia 'Business': Millions of Dollars from Smuggling Between Iraq and Syria'" (in Arabic), *The New Arab*, 8 August 2019, <https://bit.ly/2F48WTv>



with other opposition factions, the group consolidated its authority over much of the region. It took control of the major roads and border crossing points with Turkey and frontlines with the regime. Similarly, the Popular Protection Units (YPG), the dominating SDF faction, also eliminated all local competition by ousting the Kurdish National Council (KNC) and other local Arab opposition groups. The aid and support it received from the International Coalition helped the group to eradicate IS enclaves in north-eastern Syria and to contain loyalist forces in Qamishli and al-Hasaka. In both cases, the group's dominance over a given area was translated into monopolies over the various economic activities and smuggling there.

In northern Aleppo and in the Syrian desert, the internal competition among, respectively, the SNA and regime loyalist groups, produced a different kind of environment. No group has succeeded in claiming authority, and both answer to external powers that act as arbitrators. To curb the competition there, two different schemes have been tested. The first consists of geographic sectoral division among local actors: each group controls a well-delineated sub-territory in which it claims supreme authority. This is the situation in northern Aleppo, where Turkey granted each SNA corps a territory with access to at least one border crossing with Turkey and a frontline either with the regime or the SDF. The second scheme grants complementary roles to allied groups, so security, trade, customs, transport, and procurement roles are equally distributed among them. The regime, Russia and Iran took this approach in the Syrian desert.

Nevertheless, infighting still regularly occurs. In northern Aleppo, the Levant Front and Sultan Murad Division, for instance, have repeatedly

attempted to seize each other's strategic assets.<sup>39</sup> Similarly, Ahrar al-Sharqiya, Jaysh al-Sharqiya, Faylaq al-Sham, and the 20th Corps of the SNA all sought to overcome each other at one time or another.<sup>40</sup> In the Syrian desert, Assad loyalists have the same tendency, but infighting occurs along ideological lines and rarely among actors directly backed by the same entity.<sup>41</sup> Iranian-backed militias infrequently fought each other and have demonstrated greater discipline. This might be best explained by their religious zeal and homogeneity and the close supervisory role of IRGC. When clashes occur, foreign intervention is nearly always needed to end them. There is either the threat of force or the threat of the reconfiguration of rent distribution, including border crossing revenues. For instance, Turkey distributes Bab Al-Salamah revenues equally among the SNA to prevent competition over its control.<sup>42</sup> More recently, it encouraged the establishment of the al-Azm coalition to mainstream communication and cooperation among the principal SNA factions.<sup>43</sup>

Besides this fratricidal competition, trade between opponents in control of different parts of Syria has mattered right through the war, as a question of economic interdependency. It is driven by the lack of self-sufficient zones, creating the need for product procurement either from or through adjacent territories for domestic and industrial consumption. Official crossing points along frontlines have been established, but they work irregularly (Map 3).

Cooperation in smuggling across frontlines has shaped unique partnerships among political foes and has depended on a good deal of pragmatism. Whether for trade or smuggling, the flow of merchandise from one region through another demands coordinated actions to protect the

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39 Sham News Network, "The Return of Tension between the Levant Front and Sultan Murad" (in Arabic), 15 October 2017, <https://bit.ly/3HuF3Gj>; The Euphrates Post, "The Levant Front Launches an Attack on al-Hamzat and al-Amashat" (in Arabic), 23 August 2021, <https://bit.ly/3tikOq2>

40 Syria TV, "Fighting between 'Ahrar Al-Sharqiya' and 'Faylak Al-Sham'" (in Arabic), 12 November 2021, <https://bit.ly/3vmAwmQ>. Step Agency, "Fighting between Ahrar Al-Sharqiya Gathering and the Turkish-Backed 20th Corps" (in Arabic), 16 January 2020, <https://bit.ly/3vpWXrb>

41 Mohamad Al-Ahmad, "Violent Clashes between Militias Backed by Russia with the Iranian Revolutionary Guards" (in Arabic), *The New Arab*, 20 October 2021, <https://bit.ly/3lw13lc>

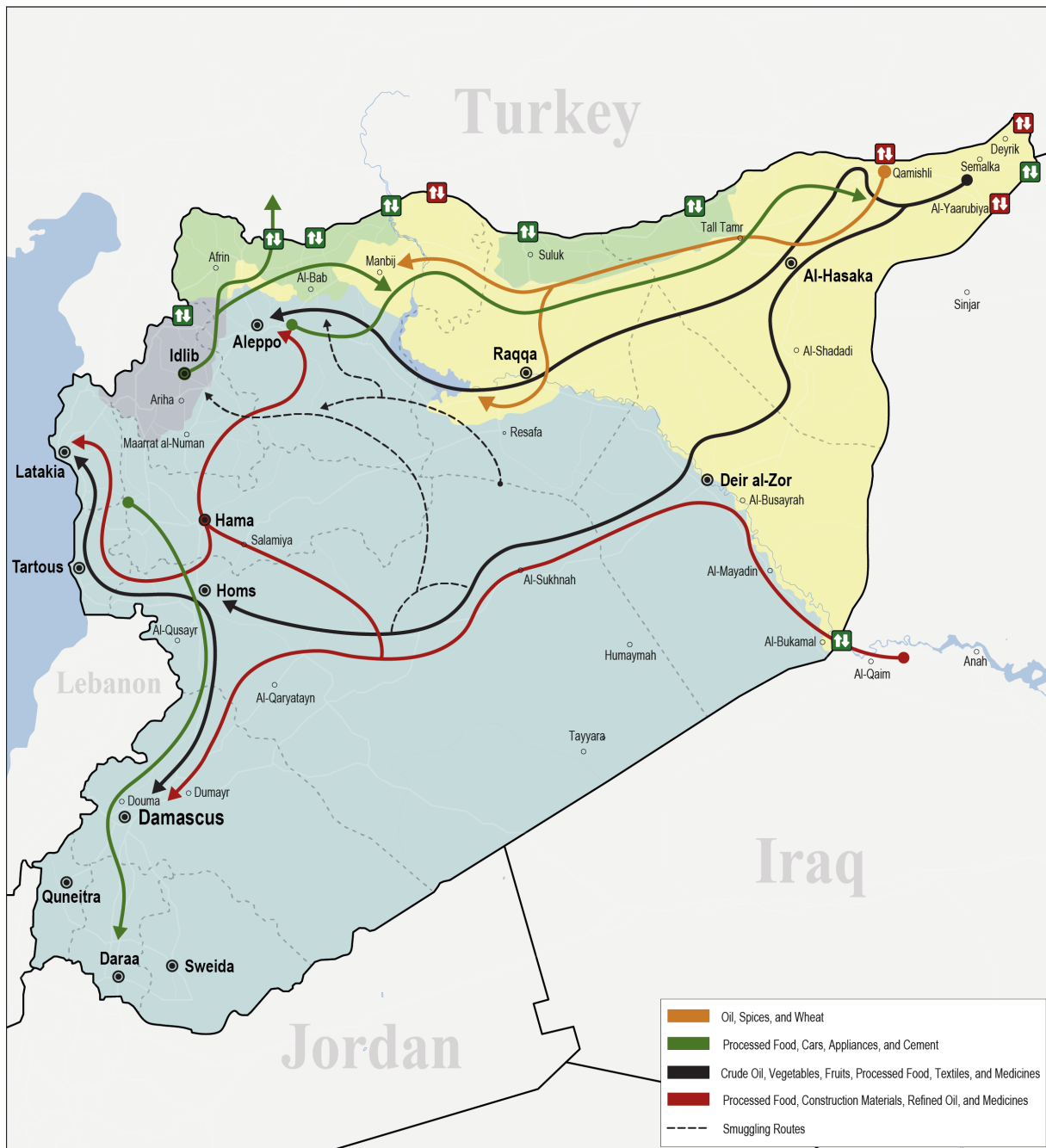
42 Sinan Hatahet, "The Recovery of the Local Economy in Northern Aleppo: Reality and Challenges," Research Project Report, (Florence: European University Institute, Middle East Directions, Wartime and Post-Conflict in Syria, 25 March 2021), <https://bit.ly/3d3LaW8>

43 Ezgi Yazici, "Turkey in Review: September 27-October 12," *Institute for the Study of War*, 15 October 2021, <https://bit.ly/3id2Znl>

convoys and ensure a functioning transfer chain. Actors such as HTS, SDF, and the regime's Fourth Division operate either directly with each other to coordinate cross frontline flows or through a network of mediators to negotiate transactions terms. For instance, regime-affiliated companies such as the Qaterji International Company, and individuals like Ammar al-Sousi are largely implicated in the purchase and transportation

of Syrian oil from Deir al-Zor and Raqqa to Aleppo and Homs. In the AANES, Fouad Fayez Muhammad (Abu Dello), a notorious smuggler from Qamishli, has also facilitated trade with the regime.<sup>44</sup> Likewise, HTS employs a large group of mediators dealing directly either with the AANES or SNA factions stationed near Manbij to ensure the continuous flow of goods, mostly oil, to Idlib.<sup>45</sup>

**Map 3: Crossline Trading and Smuggling Routes**



Source: The authors

44 Sinan Hatahet, "The Political Economy of the Autonomous Administration of North and East Syria," Research Project Report, (Florence: European University Institute, Middle East Directions, Wartime and Post-Conflict in Syria, 29 November 2019), <https://bit.ly/3MUTPKa>

45 Nedaa Syria, "Nedaa Syria Documents Tahrir al-Sham's Monopoly over the Trade of Some Goods and Materials in Idlib" (in Arabic), 10 October 2019, <https://bit.ly/3c8OEVH>

These cross-frontline trade and smuggling flows can clearly be seen in the formation of new transportation hubs and routes. For instance, the Manbij-Raqqa axis emerged as the main road to transport merchandise and passengers from areas under regime control towards the AANES. Similarly, Sarmada, Afrin, Azza, Jarablus and Manbij serves the same purpose for flows from opposition-held areas to AANES. These routes do not always take the easiest or shortest paths. Instead, they are often defined by politics. For instance, in Raqqa, merchants tend to rely on the Sarmada market to secure food produce and industrial equipment, rather than on Azaz or Kurdistan (Iraq). This Sarmada-Raqqa partnership is driven by high level of trust between traders and the armed actors in control of the two cities.

## 2.2. Power Consolidation and Economic Monopolies

There is a clear relationship between power consolidation and economic monopolies, and the former is often used to establish protection economies, dependent on complex patronage networks. In this case, territorial control over border and frontlines offers the power in place exclusive rights for customs and transit fees and smuggling revenues. It is also, though, complemented by enforcement mechanisms to protect illicit flows and associates. Furthermore, authorities often seek to control the local economy by monopolising the financial sector and the distribution of critical commodities such as water, electricity, fuel, and bread. These authorities, in charge of security and the economy, eventually exploit the financial vulnerabilities of the communities they control, easing their recruitment and cooperation. This dynamic is very clear in HTS and SDF-controlled territories.

Sanctioned by the international community and designated by the UN as a terrorist organisation, HTS puts efforts into concealing its economic activities and thus relies on a complex network of traders, smugglers, judges, commanders in rival groups, and informants. The Syrian Salvation Government (SSG), the governance arm of the group, also acts as a regulator and arbitrator on behalf of HTS. The group primarily maintains its monopoly through its Economic Office, pursuing its economic interests and brokering deals with local traders and intermediaries.<sup>46</sup>

Merchants closely affiliated with HTS monopolise the sugar, flour, fuel, and construction material trades. These commodities are entirely procured from outside of Idlib. The group finances exclusive rights on their production in factories and mills in southern Turkey,<sup>47</sup> and it prevents their passage through its territory if procured by non-associated businessmen. HTS also directly controls the *hawala* network in Idlib through the Bank al-Sham,<sup>48</sup> and fuel procurement through the Watad and Kaf companies. Both sectors are primarily fed by smuggled banknotes from regime-held territories, Turkey and the AANES, and partial (smuggled) fuel procurement from AANES. Moreover, HTS expands its network of collaborators beyond its territorial reach. For instance, it pays salaries to judges and officers who work at the Defence Ministry of the Syrian Interim Government in northern Aleppo and uses them to get information on raids on its smuggling operations. It also depends on these officials to release HTS associates when the military police catch them.<sup>49</sup>

On the other hand, the SDF does not conceal its monopolies through affiliates. In addition to commanding a structured executive body, the group enjoys the unconditional support of legislative and local administration bodies.

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46 Interview conducted remotely by researchers with a local source residing in northern Syria, August 2020.

47 Businessmen associated to the group book a year worth of cement production reserved for Syrian markets in Southern Turkey. Skype interview with a Syrian businessman in Mersin, 11 January 2022.

48 The *hawala* system refers to an informal channel for transferring funds from one location to another through service providers. Amin Al-Assi, "Hay'at Tahrir Al-Sham's Power Expands: Violations, Threats, and Monopolies" (in Arabic), *The New Arab*, 15 December 2021, <https://bit.ly/3lsXQuU>

49 Interview with a local lawyer in Azaz, 22 December 2021.

This governance structure allows a centralised economy and financial management in the north-east. The AANES controls oil production and marketing, fuel, water and electricity distribution, regulation of agricultural and industrial sectors, and trade. It does so through executive commissions and offices.

Unlike the rest of Syria, north-eastern Syria is a net oil producer, but it suffers from reduced local refinery capacity. The AANES has, therefore, increased its reliance on primitive local refineries, called burners, to produce small quantities of diesel, and relies on facilitators to negotiate oil sales with the SNA and the regime. Still, crude plays a central role in establishing the AANES protection economy. Oil rent distribution allows the SDF to maintain control over the local population, including allied Arab tribes, and armed groups. To control fuel prices, the AANES has prohibited local oil traders and refineries from selling their products to any other client. As for the Arab allies, particularly in Deir al-Zor, the group allocates a portion of the local production for local armed groups to sell and smuggle in exchange for loyalty.

The SDF completes its monopolies by regulating trade. It does this through custom fees and taxes and by offering preferential treatment to their affiliated business cronies. Indeed, local traders must obtain an import/export license from their local chambers of commerce before exercising any activity. However, the cost of importing essential commodities for local independent merchants is considerably higher than for PYD associates, who enjoy less scrutiny.<sup>50</sup> Additionally, key figures within the administration offer *quasi-exclusive* partnerships with the *hawala* offices they control to their business associates.<sup>51</sup>

In comparison, the SNA's prospects of establishing monopolies are more complicated as they are navigating a crowded landscape with many conflicts of interests and bouts of violence. Nevertheless, some groups attempt to monopolise specific markets or sectors. For instance, the Levant Front takes advantage of its

authority in Azaz, the biggest market in northern Aleppo, for controlling the construction sector. Similarly, the SNA First Corps monopolises stone quarries near Jarablus. Nevertheless, the depth and resilience of their patronage networks are regularly put to the test, as loyalties shift and are vulnerable to external factors, such as the nomination of new commanders by Turkey.

Non-state armed groups are deeply involved in all kinds of illicit economies. Moreover, smuggling revenues feed vicious cycles by empowering criminal networks. As they grow richer, armed groups increase their influence through rent distribution. A lack of credible and sustainable livelihoods leaves the local population open to exploitation by these groups. Eventually, youth, traders, and producers must work with this new business elite to survive or to save their suffering ventures.

## Conclusion

Smuggling in the Syrian conflict context has repercussions beyond economic and criminal effects. The emergence of a myriad of small protection economies is further complicating the restoration of national unity and an integrated economy. Smuggling is run by a diverse array of armed groups. It involves traders, intermediaries, and criminal networks. Mechanisms for managing illicit flows differ from one area to another, but revenues consolidate the economic networks of the *de facto* local authorities in each zone. These economic networks do not differ in terms of the privileges and the protection granted to their members. Moreover, they share a marked preoccupation with swift profit-making through trade, smuggling and investment in rent-generating sectors. The growth of these networks is set to strengthen the monopolies run and managed by local authorities. Thus, they engage more residents in the economic structures put in place by political and military actors. These monopolistic networks impede the entry of independent investors and threaten the very survival of local production. Meanwhile, smuggling thrives and is further fuelled by the

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50 Skype interview with a Syrian exporter in Erbil, 21 February 2021.

51 Interview with a Syrian *hawala* office owner in Istanbul, 13 September 2021.

growing involvement of the local population who see it as a source of income, having partially or totally lost their old sources of income.

*De facto* local authorities have mostly benefited from smuggling because of the destruction of production capacities, and the interruption of legal cross-border and cross-frontline trade. To successfully address illicit trafficking, international and regional donors should focus their interventions on the re-establishment of production sectors at the local level, in agriculture and manufacturing. These kinds of investments would reduce the local dependency on smuggled goods and would also mean a larger workforce and discourage locals from engaging in smuggling. Second, regulating cross-frontline trade by establishing permanent internal crossing points, fixing low passage fees, and ensuring a regular flow without interruption would also help de-entangle trade from smuggling. This is essential for the success of future anti-smuggling efforts and would reduce the impact of smuggling on the legal local economy. The de-escalation of the war in Syria in the last two years might encourage such dynamics.

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