



Syria Transition Challenges Project

Discussion Paper (8)

The Impact of COVID-19 on Russia's Middle East and Syria Policies

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The Geneva Centre for Security Policy (GCSP)

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A multilateral dialogue and research project that aims to build bridges between the EU, Russia, Turkey, and the US on the three issues of Reform, Refugees Return, and Reconstruction. The project is run by the GCSP in collaboration with European University Institute (EUI), Syrian Centre for Policy Research (SCPR), and swisspeace.

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May 3rd, Russia's COVID-19 infection rate resembled that of the United Kingdom. This situation has the potential to significantly impact the country's financial situation, influencing the country's foreign policy toward the Middle East. By the beginning of the lock-down period, the most optimistic forecasts for 2020 predicted a fall in the Russian economy by 4-6% of GDP.¹ However, after four weeks of confinement, a decline of 6-8% was considered to be the most positive scenario, provided that it is possible to avoid a second wave for the epidemic in the autumn as predicted by the Higher School of Economics forecast.²

The Russian situation is complicated by the fact that the outbreak of COVID-19 coincided with the dramatic decline in oil and gas prices. The federal budget's breakeven price for 2020 was set at \$42.4 per barrel.³ However, prices by the end of March and the beginning of April went significantly lower. This means that Russia may not be able to match the predicted government spending for 2020. Moreover, its leadership may not be able to spend money as generously to advance projects serving the country's foreign policy.

Moscow, short on revenue, will unlikely take foreign policy and domestic political adventures. Foreign policy projects, primarily those that require significant budgetary expenditures in the Middle East and specifically in Syria, will be frozen. A passive Russian international engagement is expected to dominate until the end of 2020. The exception to this policy will be when a response is unavoidable. Domestic policy is likely to be just as reactive. The baseline will likely be to maintain the current state of affairs and absorb any shocks to stability given the scarcity of financial resources.

A. Fragile domestic policy and low-cost FP

In addition to the impact of a shortage of resources on foreign policy, the response to COVID-19 has reassigned more power to sub-state entities. The pandemic has empowered the regions' mayors as a response to the unpreparedness of the federal government. As Prime Minister Mikhail Mishustin was recognised as being ill-equipped for crisis management, the mayor of the national capital was appointed as the head of the operational headquarters to deal with the COVID-19 crisis. Success in overcoming the infection will not be attributed to the Kremlin or the Russian White House (the residence of the Russian government), but instead to some of the regional leaders. Failure in the state system is associated primarily with the federal authorities, resulting in

¹ Russia's Central Bank Cuts Rates and Warns of Deep Recession, The Moscow Times, 24 April 2020.

<https://www.themoscowtimes.com/2020/04/24/russias-central-bank-cuts-rates-and-warns-of-deep-recession-a70096>

² HSE Analysts Predict Drop in Russian GDP for Four Quarters in a Row, Interfax, 9 April 2020. <https://www.interfax.ru/russia/703389>

³ Max Seddon, Falling oil prices threaten to derail Putin's spending promises, The Financial Times, 1 March 2020.

<https://www.ft.com/content/1bf1f7fa-5a41-11ea-a528-dd0f971febbc>

the eroding of their credibility. In April 2020, Levada Centre polls recorded a two-fold decrease in citizens' confidence in Russian President Vladimir Putin compared to 2017.⁴

Restoring public trust is difficult, especially in a post-pandemic economic downturn. The economic crisis driven by the pandemic and the slump in crude oil prices will likely impact the rescheduling of the referendum on the constitutional reforms that was originally planned for May 2020. There is no right time for the referendum to be held in 2020 as it is unlikely that the population would have the same levels of trust in the government as in 2019. Moreover, September 2021 is the date for the next parliamentary elections, and with a lingering economic crisis, the ruling party (United Russia Party) might struggle to gain the confidence of voters.

Both dominance of domestic concerns, along with prospective changes in internal power configurations, will potentially produce contradictory directions in Russian foreign policy. It will also prevent foreign policy endeavours in the short-term while unleashing Russian sub-state actors to play a larger role in the country's foreign policy, notably in the Middle East.

1- Less formal engagement in the Middle East

For many countries fighting the pandemic, isolationism seems to have been the preferred strategy. Collaboration between global actors is being replaced by a new period of fragmentation. Since the dealing with the consequences of the pandemic appears to be a long-term task, the previous level of cooperation, both in multilateral and bilateral formats, is unlikely to be sustained. This can reduce Russia's role on the global scale. Russian involvement in global conflicts, such as in Syria, Libya, Yemen, and eastern Ukraine, will also be impacted as Moscow grapples with the repercussions of the pandemic domestically. As a result, Moscow will be more discerning in its assessment of involvement in each conflict it has an interest in.

2- Potentially increased informal engagement in Syria

The increased official caution by Moscow will be tested with the potential increase in sub-state involvement outside of Russia. The sub-state involvement in state business dates back to what can be described as Russia's return to the Middle East phase in the 2010s.⁵ During this period, Moscow had to deal with numerous informal Russian non-governmental and quasi-state structures that did not fit the traditional formats of diplomatic activity. The presence of these sub-state structures, such as private companies and the personal ambitions of the leaders of some republics, did not always allow the efficient implementation of official foreign policy. Gradually, the

⁴ Putin's Approval Rating Drops to Historic Low: Poll, The Moscow Times, 6 May 2020.

<https://www.themoscowtimes.com/2020/05/06/putins-approval-rating-drops-to-historic-low-poll-a70199>

⁵ Aron Lund, Russia in the Middle East, The Swedish Institute of International Affairs, February 2019. <https://www.ui.se/globalassets/ui.se-eng/publications/ui-publications/2019/ui-paper-no.-2-2019.pdf>

accommodation of these sub-state entities led to the adoption of a “parallel diplomacy” doctrine. This meant a system within which non-state actors are involved in shaping the official foreign policy.⁶

The pandemic coincided with a disinformation campaign against President Bashar al-Assad launched by several Russian media channels connected to Evgeny Prigozhin, who oversees the Wagner PMC. Observers outside Russia regarded this as a sign that Russia has ceased to hide its discontent with President Bashar Assad.

However, if the Kremlin wanted to send a signal to Damascus, it would have done it through official and likely quite channels, not via media campaigns. In addition, removing Assad from power under the current unstable situation in Moscow would almost certainly mean surrender, and the inevitability of Russian withdrawal from Syria. There are potential objectives for the campaign. One could be discontent about Damascus’s decisions to grant Iranian businessmen contracts that were previously promised to Wagner. Another goal of the disinformation campaign could have been to divert attention from the scandal surrounding the execution of Syrians by militants belonging to the Wagner Group⁷. Another plausible objective might be to whitewash the Russian image in the West by pressuring the Syrian government to join talks (in Geneva or behind closed doors) to activate the political process. Damascus, Tehran and Moscow’s interests are not often aligned, yet the signalling between the three allies is only benign, at least in this period.

3- Quiet Expansion

The role of Wagner in this case illustrates the contribution of the sub-state entities to Russian foreign policy in Syria. Such entities have their own interests, but do not cross the official lines in normal times. The pandemic is likely to bring the official control over the informal to test, and there are chances that the informal will be leading the formal for cost-effectiveness reasons.

Given their low-cost operations to the state, Russian influence in Syria will most probably be maintained through informal structures. Private military or security companies that can ensure the safety of port infrastructure or facilities associated with the production of phosphates, oil, and gas, will be deployed. At the end of 2017, the specialists of the Stroygaz company related to Gennady Timchenko, who is widely seen as the friend of the Russian president, began the final stage of the construction of the Northern Gas Processing Plant near Raqqa and began the reconstruction of the Khunayfis and al-Sharqiya mines, the largest phosphate deposits in Syria outside of Palmyra.⁸ The sphere of Russian strategic interests does not limit itself to only economic

⁶ For more on the fragmentation of Russia’s foreign policy in the Middle East please consult: <https://www.ridl.io/en/the-fragmentation-of-russia-s-middle-east-policies/>

⁷ Korotkov D. Golovorezy 2.0, Novaya Gezeta, 21 April 2020. <https://novayagazeta.ru/articles/2020/04/21/85017-golovorezy-2-0>

⁸ Anton Mardasov, Has Russia grown tired of Syria's Bashar al-Assad?, Aljazeera English, 19 May 2020.

activities. Russian private companies have been active in providing services of political nature to parties in the Middle East. Examples include the monitoring of public opinion, media and social networks capacity building, as well as providing advice on holding elections. A Russian private firm headed by Prigozhin was engaged in “advising” one of the parties to the civil conflict in Libya during the 2018-2019 period.

B. Consequences of formal retreat

1- Slower reforms and less Russian influence in the Syrian army

Moscow and Tehran are in competition over the reshaping of Syrian army structures. From the Russian perspective, Tehran’s influence over the Syrian army is pervasive impacting essential functions, such as training its air force personnel. It is hard for Russia to create Iran-free units within the Syrian army. Moreover, given the Russian understanding with Israel to limit the Iranian threat to Tel-Aviv, Moscow cautiously tries to limit Tehran’s presence in the south-west, and in the east of Syria, though with less success. Pressure on Iran strains the relationship with Russia on other fronts. Russia compensates Iran with cooperating in other areas. For example, Russia supplies the Khmeimim air base with Iranian goods,⁹ and Tehran offers the Hamadan base inside Iran to the rotation of the Russian air forces needed in Syria.¹⁰

Russia is driving the Syrian armed forces in the direction of formality and professionalism, and this requires resources and attention. While Russia seeks centralisation of the army units under one command and flag, Iran resists centralisation to assure the function of its proxies disguised in the Syrian uniform. Russia wishes to avoid conflict with the United States (US) in Syria and to assure Israeli security. Iran has different aims in Syria. Despite numerous obstacles, Iran aims to strengthen the so-called “Shia crescent,” through various indirect means. Against Iranian endeavours, Russia is attempting to reorganise the National Defence Forces in east and southern-west Syria, where Iran is meant to build a Sunni buffer zone near Israel.¹¹

Maintaining the newly formed structures within the Syrian Army relies on Moscow’s capacity to fund them through its defence budget. After the Russian agreements between the US, Jordan and Israel in 2018 to reconcile the opposition in south western Syria, the units of former rebels entered the structures of the 5th Corps, in addition to the previously built 4th division. Russia’s reforms are meant to regulate and control the armed groups and accommodate them

<https://www.aljazeera.com/indepth/opinion/rift-moscow-damascus-200517173011730.html>

⁹ Media: Iran uses Russian Khmeimim air base to transport weapons to Syria, UAWIRE, 15 May 2020. <https://uawire.org/media-iran-uses-russian-air-bases-to-transport-weapons-to-syria>

¹⁰ Iran allowing Syria-bound Russian planes to use airspace-report, Reuters, 11 February 2017. <https://www.reuters.com/article/us-mideast-crisis-russia-iran/iran-allowing-syria-bound-russian-planes-to-use-airspace-report-idUSKBN15Q0CR>

¹¹ Amos Harel, Israel Demanded 60km Buffer but Russia Let Iranian Forces in Syria Approach the Border, Haaretz, 24 April 2018.

<https://www.haaretz.com/middle-east-news/syria/russia-allowed-iranian-forces-to-approach-syrian-border-despite-israeli-demands-1.5450853>

during the transition period to reduce insecurity. Military accommodation cannot replace political resettlement, but it is a precondition to any stability formulas.

Fighting corruption in the Syrian Army was another aspect of Russian reform. The efforts to create an anti-corruption¹² commission inside the army had mixed results. While there was some success stopping smuggling and advancing the prosecution of military leaders engaged in corrupt practices or covering it up, this was limited to periods when the Syrian army needed Russia's help to defend it against hostilities of the opposition. Success was eroded by the administrative and political manoeuvres of Damascus to balance Russia's influence with that of Iran.

Maintaining the pressures and incentives needed for reforms and influence inside the Syrian army requires resources that might not be available. The shortage of resources is also evident on the Iranian side. This could stall the reforms instead of reversing them.

2- More Syrian government control over the political process

The main contradiction between Russia and Damascus is their views on the Constitutional Commission (CC), the political outlook of the Kurds, and Idlib. On the CC, for Moscow, this structure is important not only as evidence that it is able to carry out at least some reforms in Syria but also to stabilise the country and reduce regional influences. Turkey, the United Arab Emirates, and Saudi Arabia compete over influence on the opposition and for the potential participation of Kurds in the political process.

Russia perceives Damascus's engagement with the political process in Geneva as counterproductive. Not only was the formation of the CC delayed for two years,¹³ but also Damascus did everything to ensure that the negotiations in Geneva came to a standstill. The Syrian delegation included intelligence-linked figures. The representatives of the civil society delegation were pressured, and the opposition delegation was intimidated. Russia tried to do its best to ensure that the negotiations began despite obstacles from Damascus. Moscow provided a plane that carried the government delegation, along with the civil society and some members of the opposition delegation (National Coordination Committee for Democratic Change and the Moscow Platform).

On Kurdish autonomy, despite the complexity of Syrian-Turkish relations, Kurdish forces understand that Damascus will not really protect them from Turkish attacks. Another issue is that the attempts made by the US and France to unite Kurdish force to participate in political

¹² Russia Intervenes to 'Control Corruption' in Syrian Army, Asharq Al-Awsat, 16 January 2019. <https://english.aawsat.com/home/article/1548066/russia-intervenes-'control-corruption'-syrian-army?fbclid=IwAR1cEdaagEMzb9OjDF1fMrjaG13CZq6FtaE8fWAoEnEn31fbDfhidLdD0Mg>

¹³ Fehim Tastekin, Syria's constitutional committee still mired in discord, Al-Monitor, 8 August 2019.

<https://www.al-monitor.com/pulse/originals/2019/08/turkey-russia-syria-constitution-committee-mired-in-discord.html>

negotiations will reinforce Russian efforts. However, for the political legitimisation of Kurdish demands, Turkey's consent is needed, which will be difficult for Russia to obtain while maintaining its previous interaction with Ankara. Any Russian pressures on Damascus to find a solution to the Kurdish file is unlikely to succeed given its own distraction, and the increased US activities in the North East of Syria.

On Idlib, the Syrian government expects the Russian military to push forward toward the opposition enclave. Russia's arrangements with Turkey prevents the former from fulfilling Damascus's desires. The view of Damascus is that Russia should not negotiate, but fully support Assad to take control of all Syrian territories. In the short-term, President Assad is not interested in foreign actors controlling territories currently held by opposition forces, as this indicates the success of an alternative government to Damascus. In the long-term, the Syrian government benefits from the investments of other players in these territories, as this will allow Damascus to save money to gain the loyalty of locals. Moreover, the US presence in eastern Syria can be minimised in the future. However, Damascus cannot allow such logic to be followed, because it is focused on maintaining power here and now, and any advances on the US will not be green-lighted before Russian participation.

3- More risks for Russian companies working in Syria

There is a perception that Russia seeks to monopolise key sectors in the Syrian economy via several mechanisms. These include printing banknotes for Damascus, the supply of wheat, Russian oil imports, phosphate mining, and the management of Tartus port.

Russia's economic involvement in Syria is mainly in the informal economy. This is primarily due to the existence of government-sanctioned Russian businesses and very small business involvement from Russian regions. Their share is not significant enough to influence the Syrian system from the top, so they secure their interests from the bottom. The latest Syrian government crackdown on businessmen,¹⁴ symbolised by Rami Makhlof, aims to formalise the economy and increase state revenues. This, however, is confusing to Russian business.

Medium and small businesses now face a problem; to pay excessive taxes to the Syrian Treasury or to be prosecuted on the grounds of violating the rules of currency circulation. It is possible that large Russian businesses can survive in such circumstances, but such participation will be more politically motivated than economically beneficial. Yet, the Russian business in Syria (small or large) will need to pay to the sub-state entities to protect their business and avoid any

¹⁴ Syrian government orders seizure of assets of Assad's cousin Makhlof, Reuters, 19 May 2020. <https://www.reuters.com/article/us-syria-security-tycoon/syrian-government-orders-seizure-of-assets-of-assads-cousin-makhlof-idUSKBN22V1IC>

operational disruptions by spoilers. Not all Russian business can afford to pay the government, the local lords, and the private security companies.

Conclusion

The pandemic has multifaceted impacts on Russia's foreign policy in the Middle East and Syria specifically due to restraints on spending and pressures on Russia's defence industry. Such financial limitations will likely force Moscow to rethink its foreign policy and recalibrate it accordingly. Yet, Moscow will undergo this process while seeing a change in its domestic power configurations. Indeed, the pandemic has helped sub-state actors inside Russia to gain more influence in the presence of weaker federal authorities that are struggling to tackle the health crisis. This power configuration will allow regional authorities to have a greater influence on Russia's foreign policy, notably in Syria where private security firms connected to regional leaders compete for more economic influence. Under the pandemic, Russia will most likely continue to face difficulties in assuring its goals in Syria, especially in shaping the country's political future and entrenching Moscow's influence inside the Syrian.