The Caesar Act Comes Into Force (Part 1): Increasing the Assad Regime's Isolation

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Brief Analysis

New Syria sanctions signal bipartisan support for continued diplomatic isolation and economic coercion, but their impact ultimately depends on whether the executive branch is willing to prioritize the issue.

When President Trump signed the latest National Defense Authorization Act into law last December, he also authorized the bipartisan Caesar Syria Civilian Protection Act, named for the Syrian military defector who exposed a trove of evidence documenting the Assad regime's war crimes. The legislation imposes sanctions on governments, companies, or individuals indirectly funding Bashar al-Assad's regime or contributing to its military campaigns. Anticipation of Caesar sanctions is already driving perceptions of risk about doing business in Syria, and as the June 17 deadline for implementation approaches, many believe that the resultant actions will increase economic pain on the regime's supporters.

Assad and his allies have reasserted control over most of the country through ongoing military advances on the ground, and in light of this reality, Russia has been encouraging others to accept that Assad is here to stay, welcome him back into the international fold, and fund Syria's reconstruction. The Caesar Act rejects this premise: if effectively implemented, the new sanctions authorities could deter even U.S. partners from participating in reconstruction or otherwise expanding ties with Syria under an unreformed Assad regime. This two-part PolicyWatch examines the policy issues and targeting criteria that will shape this implementation; Part 1 looks at Syria sanctions, while Part 2 discusses how the legislation might be used against Hezbollah in Lebanon.

ARE CAESAR SANCTIONS THE MISSING PIECE?

The new sanctions authorities in the Caesar Act target entities operating for the Assad regime's benefit in four sectors: oil/natural gas, military aircraft, construction, and engineering (for full PDF text of the act, see page 1,093 of the National Defense Authorization Act). This includes direct and indirect support to the regime, such as support to Iranian- and Russian-backed militias operating in Syria. Additionally, the act requires the Trump administration to determine whether the Central Bank of Syria is an entity of "primary money laundering concern" pursuant to Section 311 of the USA PATRIOT ACT.

Most of this activity is already sanctionable under a series of Obama-era executive orders, including E.O. 13582 (2011), which blocked the property of the Syrian government, of entities that provide it with technological, material or financial support, and of entities that work for it or act on its behalf. For example, the Trump administration has argued that the Central Bank of Syria is subject to sanctions under this order; the bank is subject to European Union sanctions as well. Separately, numerous Syrian individuals and entities are already subject to U.S. conduct-based sanctions for terrorism support, corruption, human rights abuses, weapons of mass destruction proliferation, or other violations.

To date, the strategy of targeting the regime directly—including via sanctions adopted by the multilateral "Friends of Syria" group in 2011 and by the U.S. government years earlier—has failed to change Assad's behavior. This is principally because Russia and Iran have given him decisive military, financial, and diplomatic support. Although they lack the finances to rebuild Syria, Caesar sanctions are unlikely to shift their commitment to the regime's survival; besides, both governments and their networks are already under extensive U.S.-led sanctions for actions inside or outside the Syrian context.

WHO MIGHT BE TARGETED?

Despite the existing sanctions risk, foreign investors remain interested in Syrian business opportunities, particularly firms in the Persian Gulf states and Eastern Europe. For example, after last year's diplomatic thaw between the United Arab Emirates and Assad, a delegation of Syrian businessmen, including U.S.- and EU-sanctioned individuals, attended an Emirati-organized private-sector forum in Abu Dhabi. Later in 2019, a sizable Emirati delegation attended the annual Damascus International Trade Fair. By reestablishing its presence in Syria, the UAE seemingly hoped to counterbalance Iranian influence, and it has since come under significant U.S. pressure to avoid running afoul of sanctions. Nevertheless, Emirati, Saudi, and Kuwaiti investors have reportedly continued to form companies or seek licenses to operate in Syria's construction and tourism sectors.

A number of Lebanon-based firms also remain active there, including in sectors targeted by the Caesar Act (e.g., oil and gas). Some of these firms are Lebanese-owned, while others were established by Syrian elites. The act's looming implementation has raised concerns in Lebanon about exposure to Caesar sanctions, which could push the country's teetering economy closer to the edge.

In the end, the legislation's impact will lie in both the signals Washington sends and its willingness to enforce sanctions, even on firms or governments partnered with the United States. The administration will need to make clear that Syria remains closed for rehabilitation or business under its current conditions, and demonstrate a renewed effort to deter those who seek to profit from reconstruction activities overseen by an unreformed regime.

THE CAESAR ACT AND SANCTIONS RELIEF

The United States ostensibly aims to end the Syria war via a UN-run political process that leads to an inclusive, representative government in Damascus. The Trump administration no longer maintains that Assad must exit power, but it does insist that his regime's behavior change.

Toward this end, the Caesar Act articulates an end state by establishing criteria that the regime and its allies must meet before sanctions can be lifted, such as:

- Halting the Syrian-Russia air campaign and its deliberate targeting of civilians and civilian structures
- Allowing unfettered humanitarian access to areas under regime/Russian/Iranian control, in keeping with Washington's interests as the largest donor of aid to Syria
- Releasing all political prisoners
- Taking steps toward compliance with international treaties related to biological, nuclear, and chemical weapons
- Facilitating the safe, voluntary, and dignified return of refugees
- Establishing a genuine accountability, truth, and reconciliation process.

Notably, these criteria do not include a demand that the regime engage in the UN-led political process or insist on Assad's departure. Yet the act's tough conditions suggest that a drastically different regime would have to be in power before they can be lifted. In that sense, imposing Caesar sanctions can help signal long-term U.S. commitment to fundamental changes in Syria. The law's focus on accountability sets a high bar, since Assad will never concede to investigations that implicate him and his regime in the commission of war crimes. If effectively implemented by the State and Treasury Departments and skillfully messaged to the necessary audiences, Caesar sanctions can make governments and companies think twice before reestablishing relations with the regime in its current form or pursuing lucrative reconstruction contracts.

CONCLUSION

Under Assad, life in Syria is increasingly unbearable—hyperinflation and a currency nosedive have sent the cost of food and medicine beyond the reach of most citizens, protestors have taken to the streets again in some areas, and the regime is still committing daily atrocities. The Lebanese financial crisis next door and the COVID-19 pandemic across the region have exacerbated the economic collapse, adding to the daily hardships of those living in regime-controlled areas and straining the resources of Assad's backers in Moscow and Tehran.

Despite this dire picture, the regime offensive to extend control over the remaining opposition-held area in Idlib province appears to be restarting. Even under the most unsustainable conditions—depleted military forces, a collapsed economy, strained allies, and a global pandemic—Assad is still pursuing a strategy of military besiegement and terrorizing his own people.

U.S. policy relies on political isolation and economic sanctions to make life so untenable for Assad and his cronies that he is forced to engage meaningfully in the UN process. Successive rounds of direct sanctions have thus far not deterred him from his objective of military victory, which he likely believes will establish facts on the ground that allow him to dispense with the UN process. Yet the Caesar Act aims to counter any such wishful thinking, making clear to Damascus, Moscow, Tehran, and entities profiting from Assad's war economy that Washington will not simply accept an unreformed regime in Syria.

To be sure, June 17 will not deliver a decisive blow to a regime that has proven its durability. The Caesar Act's effectiveness will depend on whether the administration can adequately resource its sanctions architecture while aggressively pursuing a diplomatic off-ramp to a political process. The Treasury Department will need to keep up a steady drumbeat of new designations to deter investment and reconstruction. This will require the administration to prioritize Syria and ensure that those working on new sets of Caesar sanctions have the support and resources necessary to stay on course for the long haul.

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