

# The ‘Rebuild Syria’ Exhibition: Iranian Influence and U.S. Sanctions

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## ABOUT THE AUTHORS



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Brief Analysis

**This year's show provides a window into Tehran's strategy for cementing its soft power, and may point to potential sanctions violations by companies from U.S. partner countries.**

**T**his week, the Assad regime is holding its fifth annual reconstruction exhibition under the title “Rebuild Syria 2019,” and as usual the event has been greatly facilitated and funded by Iran. At last year's gathering, Iranian ambassador Javad Turkabadi participated in the ribbon cutting ceremony, where he emphasized the importance of Tehran's role in rebuilding the war-torn country.

The exhibition is scheduled to run through September 21 near the Damascus satellite town of Sayyeda Zainab, home to a Shia shrine that has played a crucial role in helping Iran mobilize its foreign proxy network. Details are scarce on the specific reconstruction initiatives and locations that will be discussed during the event, and some projects will no doubt be highlighted for their publicity value rather than their actual benefits to the Syrian people. Yet it is still important to scrutinize who attends these events and why—especially when the exhibitors include businesses from countries that are allied with the United States and part of the ongoing international debate about Iran sanctions.

## RELIGIOUS, STRATEGIC, AND ECONOMIC VALUE

**S**ayyeda Zainab hosts the shrine of Zainab bint Ali, granddaughter of the Prophet Muhammad and daughter of the first Shia Imam. For Iran, the town's strategic value stems from this deep religious significance. In Twelver Shia Islam, Zainab is considered both a religious and a political figure—revered not only as a female saint, but also as a leader who resisted Sunni Umayyad oppression in order to preserve the memory of her brother, the third Shia Imam.

When the Sunni-led uprising against dictator Bashar al-Assad first began, Hezbollah and other Iranian militia

proxies used the shrine as a rallying cry to recruit Shia fighters, raise funds, and legitimize cross-border interventions. Eight years later, holding a reconstruction event near the same site can help Tehran convince domestic and regional audiences that its continued presence in Syria is justified. The choice of locale also bolsters Iran's claim that it is religiously devoted to helping "the weak" by speeding Syria's postwar recovery.

In reality, Tehran is much more concerned about losing its leverage in a country that serves as its strategic gateway to Lebanon and, by extension, Israel's northern border. As one former Assad regime official Abdul Halim Khaddam put it in a 2014 interview, "Syria is a matter of life or death for Iran." Reconstruction conferences and other economic ventures are one of many ways Iran can secure that gateway, cement its influence over Damascus, and shape the country's future. These strategic intentions become even clearer when one notes that such events are often sponsored by Iran's Islamic Revolutionary Guard Corps (IRGC)

The Syrian market is also one of Tehran's best options for mitigating the severity of U.S. sanctions. As Mohammad Reza Modoudi, head of the Trade Promotion Organization of Iran, noted on August 4, "Long-term investment deals with Damascus provide a sustainable market for Iran."

## SETTING THE STAGE

This 2019 exhibition is sponsored by the Association of Syrian Chambers of Industry, the Association of Syrian Chambers of Commerce, and ACT, an alleged American NGO established in 1979. No information about ACT is available online, suggesting that its credentials are dubious at best.

In preparation for this year's event, around 300 Iranian businessmen representing numerous firms gathered in Tehran on August 4 for the "Conference on Investment Opportunities and Trade in Syria." The meeting was organized by Al-Bashek, a Syrian trade show company that specializes in construction and has managed the Rebuild Syria exhibition since 2015. Among the notable attendees was IRGC military officer Hassan Danaifar, the former ambassador to Iraq who currently heads the "Headquarters for the Restoration of Holy Shrines." Syrian deputy minister of economy and trade Rania al-Ahmad was there as well, and reportedly remarked that "attracting Iranian investment is our topmost priority for reconstruction." In an August 4 interview, Modoudi claimed that Iran had given Syria \$11.5 billion worth of commodities in the first three months of the Persian year, which began on March 20.

According to the official website of Rebuild Syria, the exhibition focuses on numerous sectors, including construction technology, security, information technology, agriculture, water, electricity, communications, hospitals, hotels, heating, oil/gas, environmental technology, packaging, education, food/beverage, auto repair, and consumer goods. The event provides an opportunity for one-on-one sessions with international clients looking for suppliers to enter the Syrian market, as well as business-to-business meetings with civil engineers, architects, concrete professionals, and property agents from multiple countries, all aiming to participate in the reconstruction phase that Assad regime outlets have been steadily promoting.

According to Al-Bashek, last year's gathering attracted **more than 270 exhibitors from twenty-nine countries** (<http://re-buildsyria.com/show-catalog-2018.pdf>). This year, the reported number increased to 390 exhibitors from thirty-one countries.

## THE ELEPHANT IN THE ROOM

The 2018 exhibition was attended by several companies based in U.S. partner countries, including Belgium, India, Iraq, Italy, Oman, South Korea, and the United Arab Emirates.

### Foreign Exhibitors at Rebuild Syria 2

Country	Companies
Lebanon	41
Iran	11
Italy	4
Iraq	2
China	2
Belarus	1
Belgium	1
India	1
Oman	1
Russia	1
South Korea	1
UAE	1

Note: Indonesia, South Africa, and Venezuela sent embassy representatives to the event.

Rebuild Syria 2019 will feature firms from the same countries, as well as Germany, Spain, and Egypt. Some of these nations have sought to restore diplomatic relations with Damascus and normalize the Assad regime regardless of U.S. sanctions policy. Last month, for example, Oman and the UAE sent delegates to the sixty-first Damascus International Fair, an annual commercial exhibition that claims to open the Syrian economy to the world.

At the 2018 reconstruction exhibition, the following companies hailed from U.S. partner countries:

- Belgium: Global-Consult
- India: Goodrich Logistics Pvt. Ltd.
- Italy: Elettronica Veneta SPA; Il Fornaio; Rieter Morando SRL; Ottierre-Anmic
- Oman: International Marble Co. LLC
- South Korea: Kumkang Kind Co. Ltd
- UAE: HIP Electricals Trading LLC

## IRAN IS PLAYING A LONGER GAME THAN RUSSIA

**T**ehran's long-term goals are reflected in how it handles events like Rebuild Syria. Companies hailing from Iran and its close allies dominated the 2018 event. Iranian firms included the following:

- Electronic Afzar Azma
- Gam Arak Industrial Company
- GITI Pasand Industrial Group (SGP)
- Hooman Polymer
- Hamrahan Pishro Tejarat Co (HPT)
- Iran Electronics Industries
- Lotus Pars
- Marine Industries Organization

- Shahid Ghandi Corporation Complex
- TEPS (Goldis-Teps)
- Wagon Pars

Numerous Lebanese companies were there as well, along with a pair of Iraqi firms. Given the degree to which Iran and its Shia proxies are integrated into both countries' economies, it is difficult to tell whether these companies attended because of their individual commercial interests or their relationship with Iran.

As for Russia, regardless of the conventional wisdom about its involvement in Syrian reconstruction, only one Russian company participated in the 2018 show, a sharp contrast to the eleven companies hailing from Iran and forty-one from Lebanon. Although the exhibitors list is hardly a comprehensive catalog of all the actors jockeying to play a role in Syria's economic future, the preponderance of firms from Iran and its close allies may still say much about where current trends are headed. Russia is certainly interested in reaping short-term returns from its military intervention, hence its recent phosphate deal with Damascus. Yet Iran is investing in long-term reconstruction projects financed through multi-billion-dollar lines of credit that the Assad regime will need to pay back in twenty-five years, including \$20 billion in oil sales, \$8 billion for reconstruction, over 12,000 acres worth of agricultural projects, and so forth.

## POLICY IMPLICATIONS

Iran's economic and political influence in Syria is only deepening, all toward the goal of providing strategic depth for Tehran's exercise of power at home and abroad. Even amid intensified U.S. sanctions, the Islamic Republic has managed to conduct business in the Middle East and "bring in foreign currency through the scale of crude [and] non-oil goods," as recently reported by the *Financial Times*. For its part, the Assad regime has been using Iran's copious assistance to consolidate its own control.

Because events like the Rebuild Syria exhibition are part of this dynamic, the U.S. Treasury Department should pay closer attention to them. In particular, it should monitor the activities of companies that may be violating U.S. sanctions orders. Washington should also push its allies and the wider international community to hold off on full-scale reconstruction in Syria until true political transition has been achieved.

*Oula A. Alrifai is a fellow in The Washington Institute's Geduld Program on Arab Politics.* ❖

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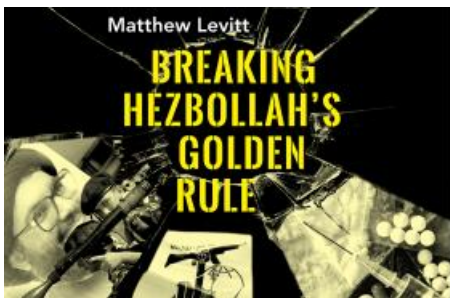
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