

The Assad Regime's Business Model for Supporting the Islamic State

by [Matthew Levitt \(/experts/matthew-levitt\)](/experts/matthew-levitt)

Sep 26, 2021

Also available in

[العربية \(/ar/policy-analysis/nmwdhj-ml-nzam-alasd-ldm-tzym-aldwlt-alaslamyt\)](/ar/policy-analysis/nmwdhj-ml-nzam-alasd-ldm-tzym-aldwlt-alaslamyt)

Also published in *Lawfare*

ABOUT THE AUTHORS



[Matthew Levitt \(/experts/matthew-levitt\)](/experts/matthew-levitt)

Matthew Levitt is the Fromer-Wexler Fellow and director of the Reinhard Program on Counterterrorism and Intelligence at The Washington Institute.



Articles & Testimony

The international community stepped up to the ISIS challenge but has failed miserably to address the multifaceted problems presented by Assad, whose regime has worked with the terrorist group on and off for years.

The regime of Bashar al-Assad consistently supported the Islamic State (ISIS) when the group controlled significant amounts of territory, even as the regime struggled to retake control of Syrian territory from the various rebel groups engaged in the Syrian civil war, including ISIS. One key tactic of the regime's strategy was to focus its military efforts against the moderate Syrian rebel groups opposing the Assad dictatorship, in particular the Free Syrian Army (FSA), and not the Islamic State group. Assad typically would be involved in any major decisions, and government officials would be wary of the consequences of making sensitive decisions or taking sensitive actions without Assad's prior approval. It is therefore inconceivable that Syrian intelligence could have assisted, facilitated or tolerated ISIS operatives without prior decision-making at the highest levels of the Syrian government. The Syrian regime made this strategic decision to enable and facilitate the continued survival of the Islamic State in Syria in an effort to paint all of the Syrian opposition as "terrorists."

In May 2011, in the wake of some of the early Arab Spring protests in Syria, the Syrian government began to release hardline Islamist terrorists in the first of a series of official government amnesties. Decree No. 61, for example, issued in May 2011 [covered \(https://www.norton.com/books/No-Turning-Back/\)](https://www.norton.com/books/No-Turning-Back/) "all members of the Muslim Brotherhood and other detainees belonging to political movements." Several of the terrorists released in these first amnesties [went on \(https://www.spiegel.de/international/world/former-prisoners-fight-in-syrian-insurgency-a-927158.html\)](https://www.spiegel.de/international/world/former-prisoners-fight-in-syrian-insurgency-a-927158.html) to head Islamist extremist groups in Syria, [including](#)

(<https://www.thenationalnews.com/world/in-pictures-former-saidnaya-prisoners-turned-rebels-1.603423>)

Hassan Abboud, a founder of Ahrar al-Sham; Zahran Alloush, the commander of Jaysh al-Islam; and Ahmad `Aisa al-Shaykh, the commander of Suqour al-Sham, as well as senior figures in ISIS such as **Ali Musa al-**
(<http://s.telegraph.co.uk/graphics/projects/isis-jihad-syria-assad-islamic/index.html>) Hawikh
(<http://s.telegraph.co.uk/graphics/projects/isis-jihad-syria-assad-islamic/index.html>) (aka Abu Luqman). Bassam Barabandi, a former Syrian diplomat with Syria's foreign ministry who later defected to the opposition, **told**
(<https://www.wsj.com/articles/assad-policies-aided-rise-of-islamic-state-militant-group-1408739733>) the Wall Street Journal in 2014 that “the fear of a continued, peaceful revolution is why these Islamists were released. The reasoning behind the jihadists, for Assad and the regime, is that they are the alternative to the peaceful revolution. They are organized with the doctrine of jihad and the West is afraid of them.”

By housing the jihadists together in the notorious Sednaya prison before the rebellion, the regime effectively networked together formerly disparate and unconnected jihadists, who came to refer to themselves as Sednaya graduates. **According** (**(<https://wnnorton.com/books/No-Turning-Back/>)**) to one released Sednaya jihadist, “when I was detained, I knew four or five or six, but when I was released I knew a hundred, or two or three hundred. I now had brothers in Hama and Homs and Daraa and many other places, and they knew me. It took only a few short weeks—weeks, not a month—for us, in groups of two or three, in complete secrecy, to start.”

Beyond strategically and intentionally releasing jihadists from Syrian prisons, the Assad regime also frequently refrained from attacking ISIS positions. At times, the Assad regime and ISIS **agreed**
(<https://www.newstatesman.com/world/2019/01/how-the-assad-regime-has-exploited-evacuation-deals-to-redirect-isis-against-the-rebels>) to several evacuation deals, and sometimes the regime appeared to collude with ISIS in an effort to encourage the group to attack moderate rebels rather than the regime. In other cases, ISIS appeared to take actions favorable to Syrian government interests. For example, in July 2014, ISIS forces withdrew from the northern suburbs of Aleppo just as the Syrian regime was trying to outflank FSA forces in the city. The ISIS withdrawal **enabled** (**(<https://www.wsj.com/articles/assad-policies-aided-rise-of-islamic-state-militant-group-1408739733>)**) regime forces to take the city's northern suburbs without firing a shot and then outflank FSA forces in the city from three sides.

One reason the Assad regime may have elected not to target ISIS positions in Eastern Syria was the regime's business dealings with the organization. The U.S. State Department has **stated** (**(https://www.state.gov/wp-content/uploads/2019/04/crt_2017.pdf)**) unequivocally that “the Syrian regime has purchased oil from ISIS through various intermediaries, adding to the terrorist group's revenue.” This **started**
(<https://www.atlanticcouncil.org/blogs/syriasource/raqqa-and-the-oil-economy-of-isis/>) around 2014, when ISIS seized control of the Deir al-Zour region of Eastern Syria, and gained control of more than 60 percent of the country's oil fields, including Syria's largest, the al-Omar oil field. By September 2014, ISIS's **daily income**
(<https://www.washingtoninstitute.org/media/2595>) from oil from Iraqi and Syrian oil fields was estimated to total some \$3 million a day, with sales of around 50,000 barrels a day in Syria alone.

Reports emerged in 2015 that the Islamic State was **selling** (**(<https://www.latimes.com/world/middleeast/la-fg-islamic-state-oil-qa-20151206-story.html>)**) at least some of its oil to the Syrian government. **According**
(<https://www.treasury.gov/press-center/press-releases/pages/j19755.aspx>) to the U.S. Treasury Department, in 2014 “ISIL may have earned as much as several million dollars per week, or \$100 million in total, from the sale of oil and oil products to local smugglers who, in turn, sell them to regional actors, notably the Assad regime.” In March 2015, the European Union **blacklisted** (**(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0375&from=EN>)**) prominent Syrian businessperson George Haswani, explaining that “Haswani provides support and benefits from the regime through his role as a middleman in deals for the purchase of oil from

ISIL by the Syrian regime.” Meanwhile, according to a Financial Times [investigation \(https://www.ft.com/content/92f4e036-6b69-11e5-aca9-d87542bf8673\)](https://www.ft.com/content/92f4e036-6b69-11e5-aca9-d87542bf8673), there were reports that Haswani’s company, HESCO, “sends ISIS 15m Syrian lira (about \$50,000) every month to protect its equipment, which is worth several million dollars.” Haswani’s son denied this but confirmed that ISIS did, in fact, “partly” run the company’s Tuweinan gas plant.

The Assad regime’s business dealings with ISIS did not end with oil and gas, however. The regime also purchased and sold grain from areas under ISIS control. Samer Foz, a Syrian businessman [blacklisted \(https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:32019D0087&from=EN\)](https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:32019D0087&from=EN) by the European Union in 2019 for providing financing and other support to the Assad regime, [reportedly \(https://www.wsj.com/articles/eu-sanctions-leading-syrian-businessman-11548098347\)](https://www.wsj.com/articles/eu-sanctions-leading-syrian-businessman-11548098347) transported grain from Syrian government-controlled areas to territory controlled by ISIS. According to other [reports \(https://www.wsj.com/articles/out-of-syrias-chaos-a-tycoon-builds-a-fortune-1534100370\)](https://www.wsj.com/articles/out-of-syrias-chaos-a-tycoon-builds-a-fortune-1534100370), he also moved wheat from ISIS-controlled areas through Turkey into Syrian regime-controlled territory.

The Syrian regime also supported the financing of ISIS by allowing Syrian banks to continue to function and provide financial services within ISIS-held territory. In a [report \(https://www.fatf-gafi.org/media/fatf/documents/reports/Financing-of-the-terrorist-organisation-ISIL.pdf\)](https://www.fatf-gafi.org/media/fatf/documents/reports/Financing-of-the-terrorist-organisation-ISIL.pdf) on ISIS financing issued in February 2015, the Financial Action Task Force—the multinational body that develops and promotes policies to counter illicit financial activities—found that “more than 20 Syrian financial institutions with operations in ISIS-held territory” continued to do business there. Moreover, these bank branches remained “connected to their headquarters in Damascus; and some of them may maintain links to the international financial system.”

The Assad regime also looked the other way and allowed ISIS to conduct financial transactions through informal financial networks, even once these illicit terror-financing channels were publicly exposed. For example, in April, September and November 2019, the U.S. Treasury Department designated a series of ISIS financial facilitators and money service businesses that had been enabling ISIS activities in Syria and beyond. But the Syrian government took no action against these publicly outed ISIS financial intermediaries, which continued to function unmolested.

The ISIS financial networks in question were not insignificant, making the Syrian government’s decision not to act against them, even once their activities became public, all the more galling. They included, for example, the ISIS “general financial manager” Abd-al-Rahman Ali Husayn al-Ahmad al-Rawi, who according to information released in the Treasury Department [press release \(https://home.treasury.gov/news/press-releases/sm657\)](https://home.treasury.gov/news/press-releases/sm657) announcing his designation in April 2019, “was one of a few individuals who provided ISIS significant financial facilitation into and out of Syria.” Moreover, “Abd-al-Rahman had a hard-currency liquidity of several million dollars in Syria. He served as ISIS’s general financial manager, and prior to his relocation to Turkey, he traveled around Syria on behalf of the group.”

The territorial defeat of ISIS, coupled with the relative increase of the Syrian regime’s strength, means the group’s utility to Damascus has largely run its course. ISIS cells primarily [attacked \(https://www.mei.edu/publications/islamic-state-under-reporting-central-syria-misdirection-misinformation-or#pt6\)](https://www.mei.edu/publications/islamic-state-under-reporting-central-syria-misdirection-misinformation-or#pt6) regime-aligned forces in the Badia (the Syrian desert) in 2020, regime forces have [carried out \(https://www.mei.edu/publications/new-general-and-fragile-peace-deir-ez-zor\)](https://www.mei.edu/publications/new-general-and-fragile-peace-deir-ez-zor) operations targeting ISIS forces rather than letting them relocate as before, and the group has become even more [reliant \(https://home.treasury.gov/news/press-releases/jy0198\)](https://home.treasury.gov/news/press-releases/jy0198) on illicit money service businesses in the region to transfer funds internationally.

While ISIS remains an insurgent threat in Iraq and Syria and a global threat as a terrorist network, it no longer controls significant territory and the risk it poses is a fraction of what it once was. But there is no clear global

coalition—political or military—to address the threat posed by the Assad regime, which has killed exponentially more people than ISIS, facilitated the group’s terrorist activities, and caused population displacement, migration flows, and tremendous regional instability. The international community stepped up to the challenge of ISIS, but it has failed miserably to address the multifaceted challenges presented by the Assad regime, let alone address the calamity that is the Assad regime itself.

*Matthew Levitt is the Fromer-Wexler Fellow at The Washington Institute and director of its Reinhard Program on Counterterrorism and Intelligence. This article was originally published on the Lawfare website (<https://www.lawfareblog.com/assad-regimes-business-model-supporting-islamic-state>), and draws on a chapter (<https://www.washingtoninstitute.org/policy-analysis/role-islamic-state-assad-regimes-strategy-survival>) written for The Fight Against Terrorism: Achievements and Challenges (<https://www.larcier.com/fr/la-lutte-contre-le-terrorisme-ses-acquis-et-ses-defis-the-fight-against-terrorism-achievements-and-challenges-2021-9782802768890.html>), a *liber amicorum* compilation prepared by Christiane Hohn, Isabel Saavedra, and Anne Weyembergh in honor of longtime EU counterterrorism coordinator Gilles de Kerchove. ❖*

RECOMMENDED



BRIEF ANALYSIS

[Iran Takes Next Steps on Rocket Technology](#)

Feb 11, 2022

◆
Farzin Nadimi

(/policy-analysis/iran-takes-next-steps-rocket-technology)



BRIEF ANALYSIS

[Saudi Arabia Adjusts Its History, Diminishing the Role of Wahhabism](#)

Feb 11, 2022

◆
Simon Henderson

(/policy-analysis/saudi-arabia-adjusts-its-history-diminishing-role-wahhabism)



ARTICLES & TESTIMONY

[Podcast: Breaking Hezbollah's Golden Rule](#)

Feb 9, 2022



Matthew Levitt

[\(/policy-analysis/podcast-breaking-hezbollahs-golden-rule\)](#)

TOPICS

[Energy & Economics \(/policy-analysis/energy-economics\)](#)

[Terrorism \(/policy-analysis/terrorism\)](#)

REGIONS & COUNTRIES

[Syria \(/policy-analysis/syria\)](#)