



THE EU ASSOCIATION AGREEMENT WITH SYRIA: AN EARLY ASSESSMENT



By Marie Skov Madsen

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Introduction

On October 26, the EU and Syria will seal their long awaited Association Agreement, in a low key ceremony on the sides of the European Council in Luxembourg. The Agreement has been frozen for five years, due to a number of obstacles – not the least, Syria’s human rights record, its interference in Lebanon (including its suspected role in the assassination of the late Lebanese Prime Minister, Rafiq Hariri) and the lack of satisfactory cooperation by Syria’s regime with the UN Tribunal charged with the inquiry into Hariri’s assassination.

In recent months, the last objections by a number of EU members were finally dropped; in exchange for the introduction of a Memorandum of Understanding dealing with human rights concerns into the Association Agreement, the signature is now scheduled to occur before this month’s end. This report assesses the pros and cons of this decision and offers policy recommendations for the EU in its

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efforts to ensure that this tool serves its strategic interests in the Middle East.

Background: The Association Agreement as an Instrument of European Policy and Promotion of Democracy

The EU launched the European Neighbourhood Policy (ENP) in 2004, acknowledging the shortcomings of the Barcelona Process and in response to the post- 9/11 international security environment.¹ The Barcelona Process constitutes the policy framework of EU cooperation with countries in the Southern Mediterranean which is articulated around three pillars:²

1. The political and security, whose goal is to establish a common area of peace and stability;
2. The economic and financial, whose goal is to create prosperity and free trade, including a free trade area in 2012; and
3. The social, cultural, and human affairs, designed to develop human resources and promote understanding between cultures and exchanges between civil societies.

The Barcelona Process was one of the EU’s most high-profile commitments to democracy promotion, including democracy and human rights clauses within the framework of the Association

¹ The EU’s neighbourhood is defined as countries in Eastern Europe, the southern Caucasus and the southern Mediterranean bordering the EU by sea or land.

² They were established by the Barcelona Declaration in 1995. The cooperation is effectuated on three levels: Bilateral (EU+1), multilateral (EU+10), and sub-regional.

Agreements offered to the partner countries and new democracy and civil society funding for the region. The partner countries formally committed to develop democracy, the rule of law and respect human rights. Unfortunately, when it comes to political reform, the Barcelona Process fell short of the initial expectations. It successfully created a structure of systematic co-operation with confidence building measures, but it did not advance democratization.



Image 1: EU High Representative, Dr Xavier Solana and Syrian FM, Walid Muallem

In practice, stability and security determine development assistance more than democracy promotion, although the latter goal was initially defined as central to Europe's long term security strategy. Democracy assistance to the Middle East has been disproportionately low compared to other regions (e.g. Latin America and sub-Saharan Africa) and the

assumption that economic reform would automatically spill over into democratic reform has resulted in prioritising of economic cooperation with undemocratic regimes at the expense of democracy promotion. Even though civil society is perceived as central to a democratic process, an alarmingly low allocation of funds to this third sector is evident. In the case of Syria, the EC strategy papers allocate 38 percent of the budget for 2008-10 to "economic reform" and 23 percent to "political and administrative reform" of which no resources are earmarked for "building capacity for human rights" (linked to the creation of a national human rights institution).³

The overall objective of the ENP is to ensure stability and security at the EU's borders in order to tackle issues like migration, organised crime, terrorism etc. Part of the ENP's rationale is to directly promote democratic change through a more operational and targeted approach. Thus, compensating for the general and vague commitment to political reform in the Barcelona Process, the ENP is clear about the objective criteria of democracy, human rights and the rule of law. Democracy and human rights are put on the same footing as economic reform, clearly demonstrating that the demand for political reforms must be taken more seriously.

Individual ENP Action Plans are tailored to incorporate the particularities of each partner country, by defining benchmarks, time frames and evaluations to which both the EU and the partner country are obliged.⁴ This more detailed, bilateral

³ National Indicative Programme 2008-2010.

⁴ The ENP works within the structures set up under the Barcelona Process as a bilateral extension.

approach, if faithfully put into practice, creates greater transparency on objectives and offers concrete measures to sanction possible violations of the agreement, call partners to fulfil their responsibilities and stick to time frames.

Partner countries are rewarded with partial access to the European internal market and increased financial aid in accordance with their annually evaluated performance.⁵ Agreeing to cooperate within the ENP framework, the partner country commits to liberalizing its economy, harmonizing its legislation with the *acquis communautaire* of the EU, and adhering to a concept of “shared values”, i.e. democracy, human rights, and the rule of law.

Syria’s Association Agreement is a case in point, where more stringent and unprecedented clauses were inserted to overcome the objections of certain member states, which were sceptical about Syria’s sincerity on human rights and proliferation issues.

The Agreement contains as an essential element a double commitment: fulfilling existing obligations under disarmament and non-proliferation instruments and respecting the principle of democracy and human rights.⁶ This includes a formal political dialogue process – accepted by Syria – which will compel the government to discuss human rights with their European counterparts at regular intervals. A Memorandum of

⁵ ENP partners can be rewarded for progress in governance with allocations from the Governance Facility on the basis of an annual assessment. Progress Reports, by country, sector and an overall assessment, are available on the ENP website of the EC.

⁶ EU-Syria Association Agreement 2008, article 4, 5 and 6.

Understanding (MOU) has been added to the legally-binding text of the revised Association Agreement at the bequest of the Netherlands reserving the right of the EU to suspend the Agreement in the event of human rights abuses.⁷ Even with the issue of alleged Syrian nuclear activity remaining unresolved the European governments now feel that more can be achieved by robustly engaging Syria.

Thus, a properly crafted Association Agreement matched with European political will to make recourse to its punitive measures, could prevent the EU from turning a blind eye if the partner does not respect human rights or fail to deliver political reforms.

The ENP was initially an ambitious policy for political reform that seemed to bring a potential solution to the shortcomings of the Barcelona Process. Nevertheless, it has, in practice, degenerated over time and fallen into the old non-productive track of the Barcelona Process:

- The ENP Action Plans suffer from lack of clarity concerning the process of upgrading, benchmarks, the means of evaluation and unwarranted differences between countries.⁸

⁷ The document is not yet public but has been cited by diplomats in several media, see e.g. “EU set to improve ties with Syria”, *Kuwait News Agency*, Monday 12 Oct. 2009 at http://www.menafn.com/qn_news_story_s.asp?StoryId=1093276390 and “EU clears way for new treaty with Syria”, Andrew Rettman, at <http://euobserver.com/24/28801>

⁸ E.g. human rights and democracy directives are detailed in some action plans while they are only brief and descriptive in others, and the establishment of sub-committees on human rights also differ among countries, see “Democracy and Human Rights in the Barcelona Process:

- Merely positive conditionality is used and financial rewards for promoting democracy are granted for unspecified general 'progress', not implementation of specific reforms.
- The Action Plans have been negotiated with little civil society consultation, displaying the EU's preference for supporting 'elite-bound' reform in the region.
- The democracy and human rights clauses have not been operationalised.

Differences in approaches to the Middle East have revealed a split among EU member states between a pro-dialogue group and a pro-democratization group. European foreign policy toward the region and approaches to democracy promotion are inconsistent due to this division: One camp prioritizes development and a 'poverty first' approach, whereas the other prioritizes human rights and democracy, emphasizing the use of conditionality.

The Commission itself has not been keen on democracy-related sanctions. Internal rivalry between member states who insist on their right to pursue national foreign and security policy is adding further compartmentalisation to the regional approach. Despite apparent shortcomings, a revision of European approaches to democracy support seems to be a long time coming. Consequently, most leadership in the region, including the Syrian, exploit the division within the EU to pressure for a stability-security approach and marginalize democracy and human rights. Unfortunately, most regimes have successfully neglected or

even obstructed democratic reforms without negative consequences. If this trend is to be reversed, the EU members must come to an agreement on a *modus operandi* of development and democracy promotion with clear priorities and strategies. The EU-Syria Association Agreement, due to come into force later this month, offers one such chance – as long as its more stringent clauses and the MOU are applied and not left in the text as dead letter.

The EU approach to the Middle East is, and has historically been, characterized by emphasising cooperation rather than confrontation. Genuine reform dynamics have been supported but only to the extent where they did not compromise the EU engagement with incumbent regimes. Democracy and human rights assistance remain limited and support is heavily state-centred (e.g. increased direct budgetary support). A combination of this European patchwork and the complex and dynamic political reality that the EU is facing in the region has led to a re-calibration of a value-based EU strategy. Consequently, democratization has stumbled down the list of priorities and is not safeguarded in EU policy toward the Middle East. This course not only contradicts European values and commitments to promote democracy and human rights, but it ultimately hampers the possibility of peaceful development in the region, undermining the very objective of the ENP.

Contextualising Syria

Syria is the only long-standing partner of the Barcelona Process not to have signed an ENP Association Agreement with the

Conclusions of a Workshop at FRIDE, Madrid, 14–16 January 2005", by Echagüe, Ana & Youngs, Richard, *Mediterranean Politics*, Vol. 10, No. 2, 233–237, July 2005.

EU.⁹ Negotiations on an agreement started in May 1995 but progressed slowly because Syria was ambivalent about an agreement containing provisions centred on economic reform and human rights. A combination of a modern, market oriented branch of the elite close to the young president and international pressure 'matured' Damascus:¹⁰ In December 2003, Damascus eventually approved the agreement including the clause on non-proliferation which had only become standard a month earlier and had been a key issue of disagreement.¹¹ The draft EU-Syria Association Agreement was finally initialled in October 2004 only requiring signature to come into force. However, due to the political context at the time, including Syrian involvement in Lebanon and the abysmal human rights record of its regime, key EU members eventually blocked the process, making a further deepening of EU-Syria relations conditional on a positive Syrian contribution to regional stability.¹² Syria's suspected role in the February 2005 assassination of Lebanon's late Prime Minister, Rafiq Hariri gave the process

⁹ Current EU-Syria relations are governed by the Cooperation Agreement of 1977. Cooperation is based on Syria's participation in the Barcelona Process and financed by the European Neighbourhood and Partnership Instrument (ENPI).

¹⁰ US President George W. Bush signed the Syria Accountability and Lebanese Sovereignty Act into law December 13, 2003 which included sanctions on the Syrian government. In September 2004, the UN Security Council passed Resolution 1559, calling for an end to the Syrian occupation of Lebanon.

¹¹ The agreement was the first ENP Association Agreement to incorporate the Council's decision of 17 November 2003 on the fight against the proliferation of weapons of mass destruction.

¹² The ratification was blocked by the UK, Denmark, Germany, and the Netherlands.

the *coup de grace* and political contact was frozen.

New impetus to EU-Syria relations was given in 2008 when French President, Nicolas Sarkozy, launched the Union for the Mediterranean. Despite the dearth of evidence that Damascus had indeed changed course, France invited Syria to attend the inaugural gathering of the Union as a full participant, thereby bringing Damascus back from the cold.

This approach may appear complementary to the one adopted towards Syria by the new US administration since President Barack Obama came into office on January 20, 2009. The growing Iranian threat and Western decreasing leverage on Syria in the area of reforms have led to a shift in US political strategy toward Syria.



Image 2: French President Nicolas Sarkozy and Syrian leader, Bashar al-Assad

Implicit in the new approach is an expectation that potentially improved relations with Syria could help elaborate an effective policy toward Iran. The US administration wants Damascus to play a more positive role in regional stability and security by controlling and securing the Iraqi border, persuading or pressuring Hamas and Hezbollah to alter

their behaviour, and it assumes greater potential for a breakthrough on the Syrian-Israeli track than of the Palestinian-Israeli. But while the US conducted exploratory talks with Syria and has so far conceded little, the EU took the lead and settled for Syria's provisional steps as a satisfactory foundation for finalizing the Association Agreement.

Syria has taken some tentative, if ambiguous steps approaching US and EU priorities: Damascus has toned down its obstructionist stance in Lebanon by conceding the establishment of full diplomatic relations. For the first time Syria sent an ambassador to Beirut (and accredited a Lebanese one in Damascus); Syria also reversed its rhetoric on the UN tribunal on the Hariri assassination to present itself as more conciliatory; it expressed its readiness to continue indirect peace talks with Israel through Turkey (though it always categorically rejected its readiness to discuss its relation with Tehran in that framework), and toyed with domestic reforms.

At the same time, US military authorities in Iraq continue to highlight Syria's role as facilitator for Jihadists travelling through Syria on their way to Iraq; domestically, Syria has continued to crack down on dissidents, jailing reformers and human rights advocates; its support for EU-terror listed groups such as Hamas and Islamic Jihad remains unchanged; and so does its role as both a conduit for and supplier of arms shipments to Hezbollah, in clear violation of the spirit and the letter of UN Security Council Resolution 1701. Clearly, the US Administration has used dialogue as a way to test the waters – and has so far conceded little to Syria. President Obama has renewed sanctions against Syria, a

new US Ambassador has not taken up his post in Damascus, and Syria was snubbed by Special Presidential Envoy for Middle East peace, former Sen. George Mitchell, in his latest trip to the region in early October 2009.

By contrast, France's decision to invite Syria to the launch of the Union for the Mediterranean began a process of rapprochement (with France clearly in the driver's seat), which eventually removed the last standing vetoes and paved the way for the October 2009 signature of the EU-Syria Association Agreement, before Syria could offer concrete evidence of a new, more constructive course, both domestically and regionally. The Association Agreement thus appears to be a reward for future conduct – an encouragement for Syria to behave more responsibly rather than a prize for having behaved more responsibly. The only thing that stands in Damascus' way now is the conditionality the MOU adds to the agreement, mainly at the request of the Netherlands, and mainly in the area of human rights and reforms. Syria's arrest, on 14 October, of a prominent elderly advocate of human rights suggests the regime is not deeply concerned about the EU's commitment to the MOU contents and mechanisms of implementation.¹³

There has hardly been profound change in Syrian policies – only initial, cosmetic, and easily reversible steps which underline the importance of the clause, the MOU and especially European political will to enforce punitive

¹³ See reference to Haytham Al-Maleh's disappearance on 14 October 2009 at <http://www.hrw.org/en/news/2009/10/17/syria-reveal-prominent-activist-s-fate> and <http://www.fidh.org/Enforced-disappearance-of-Mr-Haitham-Al-Maleh>.

measures if the Syrian regime neglects or obstructs political reforms.

Complications on the issue of political reforms undoubtedly await, witnessing that little progress has been achieved so far by the EU Commission's Delegation in Damascus in advancing a key objective of the ENP, namely the "development of a flourishing civil society" in Syria. European financial support for democracy has generally been low in the region and at best marginal in the case of Syria. Efforts to implement civil society projects in Syria have been difficult because the Syrian authorities, since the end of the Damascus Spring in 2001, have strictly monitored projects aimed at strengthening particularly civil society, human rights and political participation.

The regime has allowed NGOs to work in 'apolitical' fields like development and gender issues (and even then, in a very limited capacity). It has also allowed some media training and development projects with a participatory component.¹⁴ The potential of projects is rather unpredictable due to the rough estimation by the Syrian authorities of whether the project concerned conflicts with the regime's "red lines" - namely the military, national unity, the Ba'ath party, the president and religious pluralism – but clearly, so far the record shows a very limited willingness by the regime to put into practice the commitments it is about to underwrite with the EU.

¹⁴ E.g. the Aleppo Old City Rehabilitation project by (1994-2007) that had a participatory component and micro EIDHR; see the webpage of the GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit): <http://www.gtz.de/en/praxis/8234.htm> and the EC Delegation to Syria: http://www.delsyr.ec.europa.eu/en/eu_and_syria_new/annual_report_new/2008/annex.pdf.



Image 3: Anwar al-Bunni, jailed Syrian human rights' activist.

A distinct example of project obstruction is the authorities' sudden closure of the EU co-financed Civil Society Training Centre in Damascus in 2006 only a few days after its opening.¹⁵ Anwar al-Bunni, a known lawyer and human rights activist, who was designated to lead the Centre, was arrested and charged with "joining an international group without the government's authorization", and is still in jail. This is just one example of many where human rights activists are arrested, imprisoned and harassed with reference to "national security". Neither the strategy papers nor EU officials responsible for cooperation with Syria present clear objectives or strategies in the civil society area.¹⁶ This raises

¹⁵ The Centre was financed by the European Instrument for Democracy and Human Rights with more than 93.000 €, see the Delegation's webpage:

http://www.delsyr.ec.europa.eu/en/whatsnew_new/detail.asp?id=217.

¹⁶ Country Strategy Paper (2007-2011), the National Indicative Programme for Syria (2011-2013,) talks with the EU Delegation to Syria and

questions of the EU's commitment to go beyond lofty statements and promote democracy and human rights in Syria; it questions the potential for a genuine EU-facilitated reform process, and casts a shadow on the future of civil society in Syria. The key question is whether the EU is actually facilitating a real reform process in Syria, as is the goal of the ENP, or if it is just strengthening the authoritarian regime. Has the buzz word of development policies of the 1980s namely 'stability' ousted 'democracy'?

Europe's temporary political distance to Syria from 2005 contradicted stated European values and long-term objectives of state building and social and economic development. The EU never made an official decision in favour of complete isolation of Syria, and after the 2006 war in Lebanon between Israel and Hezbollah and in the context of the Annapolis conference in November 2007, Europe shifted to an approach of engagement with Syria, which was seen as a party to a renewed Middle East peace process.¹⁷ Syria's response to the brief European coolness was to diversify its political and economic relations and continue its policies in the region, while counting that, sooner or later, Europe's resolve to sustain a more assertive approach would give way to those in the EU who were always in favour of a

the Desk Officer for Syria (in June, September and October 2009).

¹⁷ In particular four EU countries – Spain, Italy, and Germany followed by France – kept open channels of communication aimed at changing Syrian attitude toward the geopolitical issues at stake, whereas the UK was more restrictive. Interestingly, these are the four countries with the largest military presence on the ground in Lebanon after the 2006 war and thus the most susceptible to blackmail.

return to engagement. Eventually, Syria had its way.

The EU prioritizes long-term stabilization of Syria and is in favour of a gradual transition to a more liberal system without endangering the regime's survival. This is why the EU does not push for a political opening but supports a 'Bashar al-Assad' centred approach to reform, combining slow economic change with political stability. Consequently, the EU has continued to prowl, treating democratization and human rights as trifle and tiptoeing around Syria's regional policies and role; its relations with Iran, Iraq, Israel; and Syria's support for Hezbollah and Hamas. Syria's abysmal human rights record has, at best, been raised as a peripheral issue. This is a dangerous course not only contradicting European values and commitments to promote democracy and human rights, but it ultimately hampers the possibility of Syria acting more responsibly in the region.



Image 4: Bashar al-Assad confers with Hezbollah Secretary-General, Hassan Nasrallah.

Furthermore, the split between the EU members on whether to prioritize democracy over development was exploited by the Syrian leadership to pressure for a stability-security approach and marginalize democracy and human rights efforts. The present security driven approach however, undermines the very

objectives of the ENP. Predictably, EU behaviour has increased mistrust among Syrian civil society actors who fear that the EU in a critical situation will prioritize security and stability over reforms. Thus, contradicting policies and behaviour in the region push civil society actors away from an efficient cooperation and hamper the reform process. In response to this situation, EU officials usually refer to the sensibility of the issue of political reform and to the difficulty of operating in the country. But what is the reality of the Syrian context that is now confronting European decisions makers?

An Authoritarian State

The minority-ruled and authoritarian presidential system in Syria has demonstrated tremendous stamina for decades, surviving Islamic uprising, economic stagnation, and political isolation. The regime has proven capable of adapting to new conditions and assuming selective economic and political reforms as a means of safeguarding the regime's stability. The strategy of regime protection is retained with the rule of Bashar al-Assad but has taken a more 'modern' twist: Whereas foreign policy (i.e. the threat from Israel) was central during the rule of his father, the young al-Assad considers the Syrian economy strategically important. To serve this goal, he has rejuvenated the composition of the elite and the Ba'ath party, and built a reform team who is more committed to making the state more efficient and capable of confronting economic and social challenges than under his father's rule. Their hearts are not in the 'socialist' struggle, as in the generation of Hafiz al-Assad, but in making the economy more efficient, primarily for their own personal gains.

However, change at the top has its limits. The divide in the elite between a modern, more market-oriented and a conservative, state-oriented approach to the economy is tempered by a consensus on the necessity of economic growth to diminish the risk of social riots. But economic reform is a challenging and risky ambition for a modern authoritarian leader whose longevity is entwined with the state's resource base; Syria is a semi-rentier state where rent (oil revenues and foreign aid) is used for mobilization, political control, and as patronage to co-opt and ensure the loyalty of key groups.¹⁸ The distribution of rent through client networks individualizes political action, thereby fragmenting potential hostile groups.

This is an effective mechanism of keeping potential challenging groups in check and preventing political alternatives from demurring against the power structure. Thus, economic reform like privatization is per se a threat to the regime's stability. Outwardly, President al-Assad and his reform team are pushing forward the agenda of economic reform. But when the issue of how to deal with challenges from outside arises, al-Assad and his associates eventually cast their lot with the hardliners of the elite. The team is a group of liberalisers who seek a controlled opening of the authoritarian system without changing the underlying power structures. Challengers are co-opted into the elite and thus ensured a stake in keeping democratization off the agenda. Freedom of speech and assembly is limited, human rights organisations are illegal, the security agencies continue to

¹⁸ States where rent levels are significant, but do not form the majority of revenue (around 40 percent revenue mark) are termed 'semi-rentier'. The category includes Jordan, Egypt, Syria, Yemen, and other developing world states in periods of heavy reliance of foreign grants.

detain people without arrest warrants, and frequently use torture. Independent press remains nonexistent and the internet is under heavy censorship. There are no opposition political parties and there are no free elections.¹⁹

The consolidated authoritarian system is built on the concentration of power by the Ba'ath party, the military, and a cross-sectarian coalition with loyal leaders from the ruling Alawi sect. Rentierism and patrimonial practises have enhanced the regime's autonomy of society and strengthened its effective repression and cooptation. The Emergency Law, imposed in 1963, remains in effect, severely restricting the freedom of citizens and serving as an effective tool for the regime to control and suppress political opponents, especially Islamists, human rights activists, and the Kurdish minority who is treated as second class citizens.²⁰ The Emergency Law is a key tool to control and restrict society and it has been demanded by civil society actors, mainly intellectuals, that the law be abolished and basic political freedom allowed.²¹ For decades, the state extended

¹⁹ Human Rights Watch: "No Room to Breathe – State Repression of Human Rights Activists in Syria", *Human Rights Watch*, vol. 19, no. 6(E), 2007; Amnesty International Report 2009: State of the World's Human Rights: Syria; Freedom House: Map of Freedom in the World 2009: Syria.

²⁰ Kurds are the largest non-Arab community in Syria. Freedom of speech and assembly is limited, Syria's security agencies continue to detain people without arrest warrants, and in many cases, torture them to extract confessions. The authorities treat Kurds, Syria's largest non-Arab minority, as second-class citizens. Independent press remains nonexistent and the internet is under censorship. There are no opposition political parties and there are no free elections.

²¹ In the "Manifesto of the 99", published Sep. 27 2000, "The Statement of 1000" (or Basic Document), released to the Arab Press, Jan. 9 2001.

its influence to almost every sphere of life, and the remaining space was generally occupied by Islamic civil society. Still, the regime is by no means immune to internal challenge, as was evident in the Islamist led rebellion in the beginning of the 1980s.



Image 5: The Water Wheel on the Orontes River in Hama, Syria, the scene of a Muslim Brotherhood insurgency which the Syrian regime brutally crushed on February 2, 1982.

The effective clamp down on the rebellion left the civil society crippled and it took two decades before it surprisingly sprung up and took advantage of the brief, more liberal atmosphere that followed Bashar al-Assad's accession in 2000. Political salons emerged, open criticism of the regime occurred, and the young president was confronted with demands for political reform. This was a degree of civic activism and demand for domestic change not seen in Syria for decades.

The Damascus Spring ended already in 2001 by the regime's enforcement of authoritarian repression and control; widespread arrests, closing of the discussion forums, and threats.²² The regime succeeded in fragmenting the civil society movement by infiltration of different groups, individual intimidation,

²² The Damascus Spring lasted from June 2000 to August 2001.

and cooptation, all of which have enforced the internal split in the movement that consists of groups with different political, ethnic and ideological origin.²³ The liberal opposition that emerged during the Damascus Spring was crushed as political opposition, and is today only a loosely organised group.

The regime's success in dividing the opposition ranks through bribery, intimidation, and isolation of its leaders, has marginalized and weakened the opposition. During the last several years, geopolitical changes have also contributed to countenance the reformists' objectives; the war in Iraq has offered an opportunity to the regime to drum up the nationalist mantra, and weakened the opposition and any talk of political reform. The 2006 Israeli campaign against Hezbollah also bolstered the regime's popularity, showing Syrians, including the opposition, that although Europe supports Lebanon's democracy, it may be ready to sacrifice it in exchange for neighbourhood quiet. The Muslim Brotherhood enjoys popular sympathy but has no powerful underground organisation. It does however win ground compensating for the state's shortcomings in providing health services and other social welfare. Rising Islamism is a powerful phenomenon regionally, but the Syrian regime is careful to keep it in check.

Lately a consensus on supporting the signature of the Association Agreement has developed between the opposition and reform leaders, believing that an economic opening will lead to greater social and political liberalisation. After

²³ Islamists, Marxists, Kurds, human rights groups etc.

all, the internal grip of society has been loosened in periods when the regime felt less threatened. Syria's civil society is weak, fragmented and constantly intimidated and controlled by the authorities. This is clearly a challenge to the EU but it does not legitimize sacrificing support for civil society. Syria is equally facing an imminent challenge however, which serves as a window of opportunity for the EU in relation to the Association Agreement – namely a stagnant economy.

A Stagnant Economy

Syria briefly witnessed economic growth in the period 2005-2008, benefiting from a booming regional demand and global rise in oil prices. Growth has been short-lived though and insufficient to contain the demographic pressure and create work for the many young Syrians entering the job market every year.²⁴ Bashar al-Assad's promises to improve living standards, fight poverty and corruption, and modernize the economy have been limited. The implementation of some economic reforms helped growth, but even in optimal circumstances, further progress would be needed in order to reach a growth rate which can contain Syria's internal problems.²⁵

As it happens, the global food crisis of 2008, the financial crisis of late 2008 and the worst drought to affect Syria in decades in the period 2008-2009 have all

²⁴ The unemployment rate for the 15 to 24 year old age group rose from 13.9 percent in 1995 to 24.9 percent in 2004 (UNDP:MGDs Syria). Real GDP growth 2003-2007 is estimated 5.5 percent by the WB. Growth was due to demands by 1.5 million Iraqi refugees, investments and turnover in the commercial and tourist sector, and export to the Gulf countries due to their free trade agreements.

²⁵ The estimated figure is 7 percent.

meant a less-than-expected growth rate and a freefall negative rate in the still critical agricultural sector. Simply put, even with a growth rate of 4.5 percent in 2008 (down almost two percent from the forecast 6.3 percent), Syrians are among the poorest in the region – their per capita income at a bare 2,600 USD a year – and the Syrian economy, with a record 4 Billion USD trade deficit, is struggling to stay afloat.²⁶

Even in good times, a trickle-down effect of the economic growth has not taken place and the population has suffered from reduction in subsidies and increased prices.²⁷ The Syrian economy continues to be dominated by the state, beleaguered by state industries, corruption, and poor industrial performance. Furthermore, political isolation, sanctions and a production limited to the domestic market have led to high production costs and poor competitiveness; factors that have maintained Syria as the Middle Eastern country least integrated into the international economy.²⁸ Foreign investments are limited to the sectors of commerce, real estate and tourism at the expense of long term investment in the industrial sector which is essential for developing the competitiveness Syria needs in the global market. Reforms to

²⁶ See Khaled Yacoub Oweis, 'Syria admits 2008 economic slowdown – government report' in *Reuters India*, Monday 12 October 2009, at <http://in.reuters.com/article/oilRpt/idINLC33805920091012>.

²⁷ Syria has reduced the number of people living in poverty from approximately 14 percent in 1997 to 11 percent in 2004. The goal is to reduce poverty incidence to 7.13 percent by 2015 (UNDP: Syria: MDGs).

²⁸ Syria is a lower middle-income country with a population of 18.7 million –plus 1.5 million Iraqi refugees and migrants- growing at 2.5 percent p.a. and a labour force growing at 3-4 percent p.a. (World Bank:2008 country report).

attract foreign investments have been implemented but a continuous lack of the rule of law still makes it a risky business for investors. Furthermore, the low quality labour produced by the anachronistic educational system does not correspond to the demands for developing a modern industry.

The economy is plagued by soaring unemployment, extensive corruption, and a volatile and under-performing agricultural sector that has been suffering from several years of drought and rapidly depleting oil resources.²⁹ The oil sector provides half of the government's revenues and about 40 percent of its export receipts. The agriculture sector, for its part, contributes to about 25 percent of GDP and 20 percent of employment. But oil prices fell sharply from mid 2008 and Syrian oil reserves are expected to continue decreasing in the coming years.

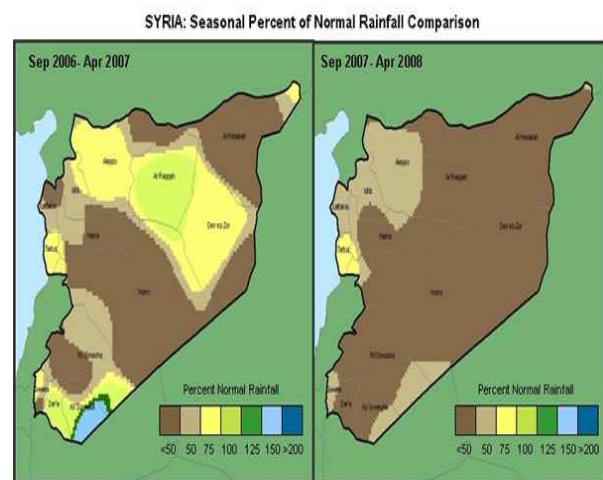


Image 6: Seasonal rainfall comparison with average rainfall for 2006-2008 (Source, USDA, Foreign Agriculture Service)

As for the agricultural sector, the drought caused it to shrink by 22.5 percent in 2008, with wheat production falling by 47

²⁹ The official Syrian unemployment rate is 7.5 percent (2007) but most unofficial sources estimate it between 20-30 percent.

percent and barley by 76 percent. Absent new discoveries, Syria would become a net oil importer by 2012.³⁰ The gravity of the economic situation is projected by public statements of authorities on the difficulties of the Syrian economy, its dependence on external factors, and even warning Syrians about facing tough times. Syria hopes to reverse the trend of declining oil exports through intensified oil exploration and production efforts, plus a switch from oil-fired to natural-gas fired electric power plants, but this is still an uncertain strategy.³¹ Social services and schools are severely burdened by the estimated 1.5 million Iraqi refugees and migrants. Initially, Iraqis spent their savings, something which constituted a positive influx into the Syrian economy following the war. Those still in Syria though are now increasingly an economic burden as well as a potential destabilizing factor.

Thus, despite an increased growth rate, the Syrian economy is fragile and urgently needs investments to develop further and contain its challenges. Syria has with relative success diversified its trade relations after the imposition of US sanctions, strengthening its ties with regional partners. The EU is continuously Syria's largest trade partner, and the only real partner that holds the capacity to potentially contribute to boosting Syria's economy in the long term. Thus, Damascus was keen to sign the EU-Syria Association Agreement.

³⁰ World Bank Report: Country Brief: Syria, see <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/SYRIANARABEXTN/0,,menuPK:310557~pagePK:141132~piPK:141107~theSitePK:310548,00.html>.

³¹ World Bank report; Source Watch, see http://www.sourcewatch.org/index.php?title=Syria's_oil_industry

Bashar al-Assad is well aware that further economic reforms are necessary to generate the needed economic growth, not only to ensure the welfare of the population, but to sustain the growing patronage system which underpins his power. It is necessary to find a way state and market can interact constructively to ensure economic development, but this eventually collides with the political structure and nature of the Syrian regime. The core of the problem is that economic reforms have to take place within the framework of a patrimonial state.

Hafiz al-Assad's economic liberalization policies implemented in the 1990s resulted in the private business sector becoming a partner in sharing the spoils of the oil revenue at the cost of long term development, and even more so democratization. This has led to a phase of 'crony capitalism', a half-baked compromise between statism and a market economy. However, as crony capitalism depends on privileged non-transparent client connections between investors and state elites that could be exposed under democracy, it is more likely to delay democratization than facilitate it. The elder al-Assad's limited and controlled liberalization policies served foremost as a mechanism to preserve the regime and not as a transformation of the political system as many idealistically thought.

Presently, there is no reason to think that Bashar al-Assad's priorities would be any different. What is different in the current situation is that the combination of economic pressure and extended patronage system makes the EU's carrot extremely attractive. Politically, Syria is keen to emerge as a recognised regional power. Economically, it wishes to attract foreign investment and obtain market

access. Thus the Association Agreement is much-coveted by the leadership. This constellation creates good opportunity for the EU to press for democratic reforms, while dangling the Association Agreement as the proverbial carrot – or Damocles' sword – above the head of Syria's leadership. While political change must come from within the country, the EU can still play a positive role by exerting genuine commitment to democracy and human rights and offering broader access to its own markets (and EU development aid) in exchange for tangible political change, both domestically and regionally.

Conclusion

Given that the deal is sealed, how can the EU use the Association Agreement as a tool to best advance its own interests vis-à-vis Damascus? The EU must treat political reform on the same par as economic reform in engaging with Damascus and emphasize that aid is conditional i.e. Syria should be rewarded for implementing specific political reforms, and likewise financial assistance and market access must be restricted and potentially suspended in case Syria obstructs political progress.

Economic reform, especially privatization, represents simultaneously a necessity and a risk for the Syrian regime. Certainly, in order to be effective, economic reform must be accompanied by political liberalization: Without greater accountability, transparency and a freer media, it will be extremely difficult to break the cycle of corruption and inefficiency. Furthermore, with fewer economic resources to distribute, it is all the more important to build a stronger domestic consensus through greater public participation. First and foremost,

the private business sector expects an increased political role accompanying its growing role as a wheel for economic growth. The regime will want to carefully balance an opening of political participation. It will, no doubt, be a selective process to avoid that the reform oriented opposition would take advantage of the situation and aim at expanding the political space as it did during the Damascus Spring.

A fragile economy, urgently in need of economic cooperation with the EU, but meanwhile in symbiosis with the authoritarian political system: where does that leave political reform in Syria, and what options are there for EU policy?

The failure of political isolation, the growing Iranian threat, and a change of key political actors in Europe and the US have modified the approach toward Syria and bestowed Damascus with a more prominent role in regional politics. In practice, the EU has used neither the carrot nor the stick toward Mediterranean partner countries even though the Barcelona Declaration and bilateral association agreements grant possibilities for making economic support conditional on political reform. The present post-normative turn in the EU's foreign policy toward the region indicates that stability has overruled support for democracy and human rights. The ENP constitutes in theory an effective tool but it has not been operationalised effectively due to lack of political will of EU Member States to pursue a consistent foreign policy toward the region, which hampers reform processes. As such, the ENP has inherited the problems of the Barcelona Process, not solved them. The EU has embraced a course where sacrificing democratization in the name of stabilization makes the EU a

contributor to stabilizing and maintaining current authoritarian regimes in the region, including Syria.

Having opted to depend on private capitalist investment, the Syrian regime will have to be responsive to the private sector's demands for a greater rule of law and a general rollback of the boundaries of state power. The business sector must be allowed to play a political role but the regime will seek to control the process strictly. As the key priority for the regime is survival and not a transformation of the political system, Syria will seek to limit its commitment to reforms to the extent of ensuring the regime's sustainability. Syria is not a latent democratic society and will not transform drastically in that direction. It will, on the other hand, be necessary to implement political reforms to ensure economic growth and avoid social instability, and the EU represents a potential partner to assist this process.

Due to Syria's urgent need to develop its economy and emerge from its isolation, the EU is in an enhanced position to push the agenda of political reform in strengthening its relation with Syria. The pessimistic conclusion at the time of writing is that the ENP is more a symptomatic treatment than a solution to the lack of political reform in the region. The ENP must be reinvigorated and its initial function ensuring implementation of political reform operationalised. The EU must demonstrate political will and pursue consistent policy toward the region in order not to undermine its role as a global force for democracy and human rights. EU members must come to an agreement of a *modus operandi* of development and democracy promotion with clear priorities and strategies.

An EU-Syria Association Agreement can potentially nurture a reform process in Syria, but it is crucial that the agreement is a verifiable bilateral deal in which Damascus only receives benefits in exchange for meeting its obligations, and not just a diplomatic and economic gift to Syria.

Civil society is indispensable in a reform progress. It must be ensured space for manoeuvring and a strengthened capacity to contribute to the development of society. As Syrian civil society is weak and fragmented, and suffers from chronic underinvestment, the EU must insist on a commitment to an extensive civil society programme by Syria providing the necessary basic conditions for an active civil society.

Recommendations

- EU Member States should reinforce a consistent foreign policy toward Syria, balancing development and democracy promotion, with clear priorities and strategies.
- Within a consensus foreign policy context the ENP should be reinvigorated to meet its initial aim as an operational tool for political reform.
- The EU must exert its commitment to democracy and human rights in engaging with Damascus and ensure that this commitment is translated into a future Action Plan by stating clear benchmarks, time frames, evaluation mechanisms etc. Substantive resources and detailed planning on strengthening human rights

- and civil society must be included in the strategy of political reform.
- In particular, the EU should restrict, and potentially suspend, financial assistance and market access in case of non-compliance i.e. negligence or obstruction of political progress.
 - The MOU must be enforced in cases of continued grave human rights violations, starting from the recent arrest of Haitham al-Maleh by security forces, on October 14, 2009.
 - Concretely the EU should demand the following reforms:
 - Lift of the Emergency Law in order to create a minimum space for civil society activities.
 - Amend the Association Law in order to register e.g. human rights organisations.
 - Release political prisoners for civil society activism.
 - Provide space/freedom for civil society to operate (no constant interrogations, arrests etc.)
 - Establish a national human rights institution.
 - The EU should increase aid and facilitate the procedures of grants to civil society actors.
 - Funding should be ear-marked for civil society projects with the aim of expanding the manoeuvring room and capacity of civil society organizations.
- Increasingly support should be given to groups and organisations that are independent of the regime.
 - The EU should distance itself from the tendency to support 'elite-bound' reform and seek broad consultation with civil society actors, including main-stream Islamist parties.

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