



China Sees Opportunity in Syrian Reconstruction

OE Watch Commentary: As the first accompanying passage from the *South China Morning Post* reports, a hotel company owned by China's JinJiang- a leading hotel group in China- will soon open two hotels in Damascus, in the first such agreement since the Syrian conflict began. This is only the latest example of the investment opportunities China sees in Syrian reconstruction; and the Syrian government welcomes Chinese involvement in this process, including "oil-for-loans" deals. The accompanying passages from Chinese and Syrian sources shed light on China's interest in Syria, with one of them claiming "China is set to be the leading foreign presence in [Syria] in the postwar arena."



The Second Belt and Road Forum for International Cooperation.

Source: Kremlin.ru, <http://en.kremlin.ru/events/president/news/60393>, CC BY 4.0

Damascus is a critical link for the China-Central Asia-West Asia corridor of China's Belt and Road Initiative (BRI), and presents business opportunities for Chinese companies. As the second passage notes, China is focused on Syrian ports as part of its effort to secure an "alternative route to the Mediterranean as opposed to the Suez passage." The passage notes that in October 2018, "China donated 800 electrical power generators to Lattakia, Syria's largest port. Syria's evident growing centrality in the overland route from China to the Mediterranean means [that] it is set to become an increasing recipient of Chinese funds..."

The passage also provides useful background on China's interest in Syrian reconstruction going back to 2017. In mid-2017, Beijing hosted the "First Trade Fair on Syrian Reconstruction Projects." At the time, China committed \$2 billion toward rebuilding Syrian industry, including a plan to construct an industrial estate that would host some 150 companies. Chinese businesses have since been working on opening representative offices across Syria, and there are numerous contracts in the pipeline. According to the passage, over 200 Chinese companies, mostly state-owned, attended the 60th Damascus International Trade Fair in September 2018, where they pledged deals including the "construction of steel and power plants, car manufacturing and hospital development." The passage also notes some of China's leading involvements include "Huawei committing in 2015 to rebuild Syria's telecommunications system by 2020, and the China National Petroleum Corporation owning major stakes in two of Syria's largest oil companies, the Syrian Petroleum Company and Al Furat Petroleum."

The third and fourth passages demonstrate Syria's willingness to work with China for its reconstruction. According to the third passage, in April 2019, China invited Syria to participate in its Second Belt and Road Forum, and the Syrian government welcomed this as a "new approach for coordinating policies that are different from those adopted by the US, which interferes in the states' internal affairs."

Beijing has played a relatively impartial role in the Syrian conflict, gaining an open welcome from the Assad government for Chinese investment and trade. As the final passage discusses, the Syrian government has expressed its willingness for Chinese "oil-for-loans" deals or even "settling trade and investment deals in yuan, which would help [China] to bypass the US dominance in the global settlement system." **End OE Watch Commentary (Kaya)**

"China is set to be the leading foreign presence in the postwar arena..."

"Some of China's flagship involvements [in Syria] include Huawei committing... to rebuild Syria's telecommunications system by 2020, and the China National Petroleum Corporation owning major stakes in two of Syria's largest oil companies."



Continued: China Sees Opportunity in Syrian Reconstruction

Source: “Louvre Hotels Group, owned by China’s Jin Jiang, to open two hotels in Damascus, Syria,” *South China Morning Post*, 15 September 2019. <https://www.scmp.com/news/china/article/3027291/louvre-hotels-group-owned-chinas-jin-jiang-open-two-hotels-war-torn>

Louvre Hotels Group, owned by China’s Jin Jiang, has signed an agreement to open two hotels under its own name in Damascus... The hotels “will open soon under the brand name of Louvre Hotels Group,” the French company said in a statement.... Deal was reported to be the first agreement with a western hotel operator since 2011, when the devastating conflict began...

Source: “China in Postwar Syria,” *Belt and Road News (China)*, 13 March 2019. <https://www.beltandroad.news/2019/03/13/china-in-postwar-syria/>

China’s increasingly dominant industrial foothold in the country combined with Beijing’s delicate approach to the Assad regime throughout the war means China is set to be the leading foreign presence in the postwar arena, ushering in a potentially unprecedented dynamic in the immediate region.

...

The Levant is set to become a critical node in the BRI’s China-Central Asia-West Asia economic corridor, as it offers an alternative route to the Mediterranean as opposed to the Suez passage. Syria is being eyed in the long term as the key Levantine region to achieve this aim.

...

China’s attention is now turning to secure Syrian ports directly... In October 2018, China donated 800 electrical power generators to Lattakia, Syria’s largest port. Syria’s evident growing centrality in the overland route from China to the Mediterranean mean it is set to become an increasing recipient of Chinese funds....

China is set to be the major player in the impending rebuilding process that will occur in postwar Syria. In mid-2017, Beijing hosted the “First Trade Fair on Syrian Reconstruction Projects,” at which time China committed to contribute \$2 billion toward rebuilding Syrian industry, centred on a plan to construct an industrial estate that could house up to 150 companies.

Chinese businesses have been preparing to open representative offices across Syria, and have sent frequent delegations to the country, leading to numerous contracts being in the pipeline or having already been signed.

More than 200 Chinese companies, largely state-owned, were present at the 60th Damascus International Trade Fair in September 2018.

Here, China pledged deals including the construction of steel and power plants, car manufacturing, and hospital development. Some of China’s flagship involvements include Huawei committing in 2015 to rebuild Syria’s telecommunications system by 2020, and the China National Petroleum Corporation owning major stakes in two of Syria’s largest oil companies, the Syrian Petroleum Company and Al Furat Petroleum.

Once an acceptable level of stability is reached in Syria, Chinese businesses will be ready to build off their extensive groundwork and leverage the experience Chinese industry has in post-conflict Middle Eastern settings...

Source: “Shaaban: China’s invitation to Syria to participate in Belt and Road Forum defies US sanctions,” *Syrian Arab News Agency*, 26 April 2019. <https://sana.sy/en/?p=164263>

Presidential Political and Media Adviser Bouthaina Shaaban said that China’s invitation to Syria to participate in the 2nd Belt and Road Forum is a crucial challenge to US sanctions and a new approach for coordinating policies that are different from those adopted by the US, which interferes in the states’ internal affairs.

Speaking to al-Mayadeen TV channel on Thursday, Shaaban said that “The Silk Road is not a silk road if it does not pass through Syria, Iraq and Iran, as Syria enjoys a high rank in the 2nd Belt and Road Summit because it is a corner stone on the historic Silk Road...”

Source: “Syria courts China for rebuilding push after fall of Islamic State’s strongholds,” *South China Morning Post*, 25 November 2017. <https://www.scmp.com/news/china/diplomacy-defence/article/2121552/syria-courts-china-rebuilding-push-after-fall-islamic>

To better finance the reconstruction efforts, Moustapha [Syria’s Ambassador to Beijing] said the Syrian government would be open to any offers that were in its interests, including “oil-for-loans” deals or even settling trade and investment deals in yuan, which would help it to bypass the US dominance in the global settlement system... “We are very open to such suggestions [oil-for-loans deals] from various Chinese companies,” he said.