

Drugs and dirty money finance the Assad clan's Greater Syria

by Thierry Lalevée

Although it is the decade-long relationship between Syrian President Hafez al Assad and the Soviet leadership which has guaranteed an international role for Syria, it is drug production and dirty money which form the financial backbone of Assad's Greater Syria. Already by 1978, two years after the Syrian intervention in Lebanon, more than 30% of Lebanon's national income came from drugs. Seven years later, many things have changed. Lebanon no longer has a national income, as the authority of its national government barely extends further than the distance between the capital city and the Presidential Palace of Amin Gemayel. Drug production and money-laundering have become the principal economic activity, as both industry and agriculture collapsed after 10 years of war. All the profits go first to Damascus before being redistributed among the Lebanese partners; the Assad clan has become the godfathers to whom Lebanese and Levantine mafiosi must answer.

Control over the institutions which once made Lebanon the "Switzerland of the Middle East," control over drug production and drug-smuggling routes, mean much more than power in Damascus or Beirut: They mean power throughout the Mediterranean region, and even in the United States and Ibero-America. This was one of the essential rationales behind Syria's military intervention in 1976. Indeed, though the precise amount of riches earned by the Syrians cannot be calculated, it is a fair guess that the amount is at least equal to, if not much more than, Syria's officially declared national income, based on a few industries and a little bit of oil.

However, it is unfair to speak of "Syrians" in this case; the recipients of these monies are a very small minority immediately associated with the Assad brothers and others members of the elitist and secretive Alawite sect. It goes no further than the specially selected members of the Pretorian Guards, which have the triple function of guaranteeing the regime against any attempted coup, assassinating opponents regionally and abroad, and protecting the wealth of the regime. The elite groups include Rifaat al Assad's Defense Brigades, otherwise known as the Red Knights; Adnan Rifaat al Assad's Fighting Brigades, and the militias of Jamil al

Assad. It is these brigades which benefit from and protect the drug-trade, along with the inner-core leadership of the Syrian National Socialist Party (SSNP), the party of "Greater Syria," led by Hafez al Assad's wife, Anisa Makhoulouf, and a few special intelligence units around Gen. Mohammed al Khoury and Gen. Ali Aslan.

Hashish and opium for Assad

As recent investigations have revealed, in the past two years Syria has imposed its control over several vital operations: drug production, including the refining of opium; drug exports to Europe through the Bulgarian connection or even by Syrian diplomatic pouch; financial dealings and money-laundering within the Lebanese banking system; and the drugs-for-weapons exchange. It is no coincidence that Henri Arsan, chairman of the Milan-based arms-smuggling company Stipam, was a Syrian and a close associate of Vice-President Rifaat al Assad. Arsan may be dead and Stipam dismantled by the crackdown launched by Italian law enforcement authorities, but the many Swiss tentacles of the operation are still functioning.

According to a recent survey conducted by the Israeli defense ministry, the entire drug crop grown in and around Lebanon's Bekaa valley, centered in Baalbeck, is under Syrian military protection and is escorted directly to Damascus. Lebanese peasants are often forced into drug cultivation, either by a direct order from the Syrian troops or because of their inability to continue normal agricultural production under the conditions of a decade of war. For example, thousands of farmers from the Hermil region near Syria, north of the Bekaa valley, rendered destitute by the war, resorted to growing hashish as the only way to survive. The process was then encouraged by Sabri Hamad, a pro-Syrian Lebanese and the former Speaker of the Parliament. The same process led thousands of other farmers in the early 1980s to shift from hashish to opium cultivation. Said one farmer: "In 1982 and 1983, we could not export our [hashish] production because of the war. With the same volume of opium, we could get 10 times more income. The government doesn't officially ac-

knowledge it." Beirut, under Syrian orders, has decided to turn a blind eye to these developments, as long as it gets its own meager share of the ill-gotten gains. Indian cannabis, *chanvre*, is now also grown in the mountains bordering the Bekaa.

The shift from the growing of hashish—which had always been cultivated in Lebanon, though not in such volumes—to large-scale production of opium, led to the reopening of many laboratories. Most had been closed down in the early 1970s, during the general crackdown on the Lebanese branches of the "French Connection"—the case of the Casino du Liban and the earlier collapse of the Intrabank dirty-money laundromat of Yussef Beidas. Those scandals, which rocked the Mideast in their day, now look like minor affairs, in view of what Lebanon has turned into under Syrian occupation.

The locations of the drugs-refining laboratories are generally not known, but a few are located in and around Baalbeck, with Mohammed Khamie, Omar Makkuk, and Nayef Masri as the local mafia bosses of both opium and hashish production. But the real control is located a few kilometers away, in the small village of Britel, which is the regional headquarters of Rifaat al Assad's Defense Brigades. Britel is the center for many other illegal activities, such as car-smuggling.

According to October 1984 testimony from an officer of the U.S. Drug Enforcement Administration, many such laboratories are located in Beirut itself, and their existence is often discovered when the building in which they were located is bombed, in gang warfare between Sicilian and Corsican mafiosi. The DEA officer added that many terrorist actions, notably by the Islamic Amal group, which is headquartered in Baalbeck, were in fact warnings to foreign interests to keep their noses out of the drug business; also, many of the victims of car-bomb explosions in Beirut were not political figures, but mafiosi. In early September 1984, an entire Corsican mafia gang was decimated in this way, as it fought against an alliance of Sicilian and American mafias.

The relationship between Syria and the American and Sicilians mafias did not begin yesterday; it was exposed in early 1982 as an essential element in the international terrorist network responsible for the kidnapping of American NATO Gen. James Dozier. Nayef Masri of Baalbeck was shown involved in a drug-for-arms network which exported drugs to Sicily, but was also used to smuggle weapons to the Italian Red Brigades, many of whose members had been given military training in Syrian-controlled camps. The very same drug merchant, working under Syrian control, was personally involved in terrorist activities.

In 1982, there was also the case of the "Shoemaker Ring" in Stockholm, which involved primarily a group of Lebanese Armenians smuggling drugs from Lebanon into Sweden and the United States. George Makhlof, the brain behind the network, was first arrested in Los Angeles and extradited to Sweden, where he had lived previously under the personal

protection of Prime Minister Olof Palme. Makhlof, it was later revealed, was a close relative of Hafez al Assad's wife. With a substantial share of the proceeds of the heroin sale in Stockholm and Los Angeles going back to Damascus, the remaining monies were channeled into Swiss banks and used to finance the activities of the Armenian terrorist group ASALA.

Gangs such as these are not the only ones at Syria's disposal. According to the testimony of the DEA officer cited above, Damascus does not export its produce merely through the known Bulgarian connection, but has new and highly interesting routes. One goes from Damascus to Afghanistan, by official planes or by road from Teheran. Across Afghanistan and under Soviet military protection, it reaches Pakistan and the Indian port of Bombay, which has acquired an important new role in recent years, because of India's lack of repressive laws against drug smugglers.

The return of Intrabank

In September 1984, after months of fluctuation on the Lebanese market, the Lebanese pound, which had remained at a value of 5-6 to the dollar for many years, began dropping rapidly to the level of 9, 10, and ultimately 12 to the dollar. Behind this collapse was the last phase of financial manipulation which, close to completion now, will ensure Syria's financial control over Lebanon directly and via its local agents. Immediately responsible for the drop in the value of the pound was the dumping on the Lebanese market of enormous quantities of Syrian pounds, which, under the direction of Lebanese Finance Minister Camille Chamoun, were changed into Lebanese pounds then into dollars in Switzerland. A systematically organized flow of capital out of the country was intended to bankrupt many weak financial institutions, which deprived Lebanon's central institutions of whatever income they would otherwise have had. Attempts to stop this process were violently prevented, such as when the Al Amal Shi'ite militias in control of the telecommunication exchange cut all telephone and telex lines, to prevent a counterreaction by central bank officers.

The financial crisis was accompanied by another when, under Syrian orders, the Lebanese government decided to close illegal ports which channeled much of Lebanon's imports and exports. First to be hit were Syria's enemies within the traditional circles of the Kataeb (Falangist Party), while no attempt was made to close down the private port of Dbaye a few miles away from Beirut. The port's owner is none other than Camille Chamoun, and President Gemayel has heavily invested in its development, through an intermediary.

Key to the Syrian takeover of those financial institutions which are becoming number one in money-laundering is the role of Samir Maroun of the Council for External Economic Relations, who is close to President Gemayel and is often considered a de facto vice-president. More than just representing Lebanese financial interests, Maroun represents Syrian and Bulgarian finance, through his membership on the

board of the Sofia-based Litex company, a subsidiary of the better-known drugs-for-arms-dealing Kintex company, and 97% owned by the Bulgarian Foreign Trade Agency. It is no surprise to find Maroun and Chamoun as close partners in the development of the Dbayepport, which, through an agreement with Damascus, exports much of the drug trade. Maroun's Litex company is a corporate board member of the Byblos Bank, with branches in Sofia and Brussels, whose director is Camille Chamoun. From there, the drug connection extends into Latin America, notably through the association of Chamoun with the Abu Mrad banking family in Mexico or the Banco del Caribe in Venezuela, and the far-reaching networks of the Syrian National Socialist Party.

It thus has more than a symbolic value that the old Intra-bank, recycled after its bankruptcy into the Bank al Mashrek and Intra Investment Company, is making a spectacular comeback in Lebanon under the direct sponsorship of Gemayel and the Syrian mafia. It was under such sponsorship that Roger Tamraz, of the First Arabian Corporation of Saudi financier and former intelligence boss Kamal Adham, was pushed to executive positions in Intra Investments in August 1983, as well as to the executive chairmanship of Bank al Mashrek. Even Gulf and Kuwaiti shareholders are reported to have protested. According to the *Financial Times* of Feb. 22, Tamraz is now about to buy up cheaply many of the Lebanese financial institutions which nearly collapsed last

year, such as the First Phoenicia Bank and other banks, which will be restructured to form new, "solid" financial institutions, whose task we can easily guess. When this process is completed, little will be left of Lebanese financial independence, but Damascus will be at the top of a far-flung financial empire.

A financier whose star is expected to rise will be Syrian banker Osman Aidi, who for years has been seen as the personal financier of the Assad family, and whose real-estate holdings, such as the Paris Royal Monceau Hotel, are often used by the family and its agents. Aidi was the businessman behind the construction in Damascus of the Meridien Hotel, a chain owned by Air France and Akkram Ojeh, a Saudi businessman of Syrian origins, and which was essential to boost Damascus's international image. Digging into the financial network behind this deal would open a can of worms too intricate to report here. Suffice it to report that one of Syria's partners in such deals, Elias Sardanis, is an old friend of Greek Prime Minister Andreas Papandreou, who works out of Monte Carlo with the local management of the Meridien, travels with a Zairean passport, and is noted for his involvement in diamond smuggling. Sardanis, it is rumoured, negotiated the creation of a strange ferry line between Latakia and Voulos in Greece a few years ago, revealing yet another connection to the activities of the Syrian mafia.

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