

# The Russian-Saudi Oil Deal Bodes ill for Russia's Intervention in Syria - Pavel K. Baev



It is hardly surprising the Syria has all but disappeared from Russian political debates and media commentary. Since early April, Moscow has been hit by the COVID-19 epidemic with extraordinary force, but the attention to Syria had dissipated before this sad turn of medical events, in fact soon after the agreement with Turkey on the Idlib ceasefire was reached on March 5. President Vladimir Putin accepted that form of compromise, clearly not to his liking, seeking to concentrate domestic public attention on his proposition for revising the Russian Constitution so that he would secure the right to claim yet another presidential term. In hindsight, the termination of the Idlib offensive was the first political

setback in the fast-progressing series.

One bit of news that broke through the non-stop flow of data on the escalation of Russia's coronavirus crisis in mid-April was the deal with Saudi Arabia on cuts in oil production, and this developing story may shed some light on the invisible issue of Russia's ordeal in Syria.

It was a remarkable coincidence that Russia agreed with Turkey on the Idlib crisis and broke the deal with Saudi Arabia formalized as the OPEC+ arrangement simultaneously, at the end of the first week in March. Both decisions were ultimately Putin's to make, and it is psychologically plausible that he tried to compensate for the setback in Syria with a forceful offensive on the oil market. According to [Russian insiders](#), it was Igor Sechin, the CEO of Rosneft with long experience in the Kremlin court, who persuaded Putin to play hardball against the US shale oil producers, arguing that Russia would be able to assert its status as an "energy super-power" in unregulated competition. The aggressive production increase by Saudi Arabia took Russia by surprise, and the scope of miscalculation soon became clear but it took a [phone call](#) from US President Trump (little is known about the content of that conversation) to convince Putin to end the price war.

Re-starting the talks with the arrogant Saudi royals after assuming a superior pose and unleashing a [propaganda campaign](#) against them was quite humiliating, and all Russian attempts at face saving by presenting conditions, such as a formal US commitment to a production cut, fell perfectly flat. Moscow had to accept a far deeper reduction of its oil output than the symbolic one it had rejected a month earlier and to agree on a smaller reduction in the Saudi level of production (both cuts proved to be entirely insufficient already by the mid-April). In the high demand years of 2016-2019, it was perfectly possible for Russia to make a pro-forma commitment on the OPEC+ cartel arrangement and expand its export as it saw fit; presently, however, it would need to execute real production cuts, which are [technically destructive](#). What made the political fiasco even more painful was the negligible impact of the new deal on the oil price, which remains depressed due to the still deepening contraction in demand.

An outside observer may find beautiful irony in a situation where it took a Saudi prince to reveal that the Russian tsar had no clothes, but the Kremlin has to acknowledge that this exposure comes together with [deep disappointment](#) in the domestic public opinion in Putin's performance. He had remained in denial regarding the gravity of the epidemic, which interfered with his ambitious plan for the Victory Day parade, until it was too late to take preventative measures. He then [shifted the responsibility](#) for addressing the health crisis to the regional governors. He also refused to tap into the accumulated financial reserves in order to compensate for the economic consequences of the lockdown, perhaps assuming that symbolic aid would suffice until the full scale of the recession, caused primarily by the collapse of export revenues, becomes clearer. In the meantime the defense industry is working non-stop, and the spring cycle of draft into the army was [postponed last minute](#), but only for a month.

These mounting economic problems, with the [conservative estimate](#) of GDP contraction at 5.5% and [budget shortfall](#) from the extra-low oil revenues at \$US 40 billion, are unlikely to impact the Russian intervention in Syria. This limited exercise in power projection has been executed on the cheap, but the lack of resources might undermine the policy of empowering the al-Assad regime. The main problem with this policy involves the Iranian connection, which has always been the fundamental, even if carefully camouflaged, support system for Russian military operations. Iran has been severely affected by the COVID-19 epidemic (cases and deaths as of writing here), and the politically necessary [partial relaxation](#) of the quarantine might bring about a second epidemic wave. The resource base for Iranian engagement with Syria has drastically shrunk, and ambitious projects, such as establishing a [commercial port](#) in Latakia (close to the Russian airbase Khmeimim) had to be postponed indefinitely.

Russia cannot possibly replace Iran as the main sponsor of the al-Assad regime or even increase the ranks of military advisers in the army corps, which used to be instructed by the Iranian Revolutionary Guard. An even greater problem is the control over numerous pro-Iranian militia, which are no longer answering to an authoritative leader like [General Qasem Soleimani](#). Cut off from necessary funding, these militias could engage in extortion and racketeering - and to fighting with one another. Angry unrest and the [sovereign default](#) in Lebanon

caused by the withdrawal of Saudi funding for Saad Hariri's government and the curtailing of Iranian funding for Hizbullah are illuminating the probable trajectory of al-Assad's regime, which recently appeared to be close to final victory.

The probable spread of violent chaos in Syria aggravated by the unchecked COVID-19 epidemic will present a grave challenge for Russia. Its military intervention could be sustained only by a considerable surge in troop deployment and financial aid, which is certain to be unpopular with domestic public opinion. President Putin will have to consider the option of withdrawing for real, after several previous [false starts](#). This will certainly signify a major geopolitical retreat for Russia and the end of its strategic designs for establishing a permanent naval presence in the Eastern Mediterranean anchored to the Tartus base.

Only a few weeks ago, the Kremlin and the General Staff would have dismissed such options as nonsensical, but the dynamics of the unfolding and complex pandemic disaster demands a sequence of redefinitions of unthinkable. Accepting the unsatisfactory oil deal with Saudi Arabia, Putin has shown a new readiness to reckon with reality, and a further decline of Russia's economic and political status will compel him to make further concessions. Projecting power towards Syria has always been an intervention of choice, and presently the choices that Russia faces are hard and expensive. Putin has developed a habit of postponing difficult decisions to the last possible moment, so the bad news from Syria will be ignored until the deterioration of the military structures, on which the al-Assad regime relies for its survival, would progress to complete dislocation.

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