

Joseph Daher
September 2025

From War Economy to What?

*Syria's Future Economic Orientation
and Structural Challenges*

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The fall of Bashar al-Assad in December 2024 sparked widespread hopes for Syria's long-awaited recovery. Sanctions were lifted, investors returned, and international optimism surged. Yet, six months into the transition, the promise of renewal remains elusive for most Syrians. This policy paper reveals why sanctions relief alone cannot rebuild Syria. Beneath the surface of renewed engagement lie deep structural weaknesses, risky economic governance under Hay'at Tahrir al-Sham, and fragile political institutions that threaten to derail recovery.

Drawing on extensive analysis, the paper argues that genuine reconstruction must go beyond capital inflows and quick reforms. It calls for an inclusive political transition, transparent governance, and policies that protect the vulnerable while revitalising Syria's productive sectors.

Unless these foundations are laid, sanctions relief may become a missed opportunity—turning Syria's moment of hope into yet another cycle of exclusion and instability. Further information on this topic can be found here:

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Imprint

Publisher

Friedrich-Ebert-Stiftung e.V.
Godesberger Allee 149
53175 Bonn
info@fes.de

Publishing department

FES MENA

Design/Layout

Nour abou Ismail

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October, 2025

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Executive Summary

The fall of Bashar al-Assad's regime in December 2024 and the subsequent lifting of US, European and Japanese sanctions have raised expectations for Syria's long-awaited economic recovery. International optimism has been bolstered by high-profile investment agreements and renewed access to global financial institutions. More than six months into the transition, however, these developments have yet to translate into tangible improvements for most Syrians.

This policy paper argues that sanctions relief, while necessary, is not sufficient to achieve a sustainable and inclusive recovery. Syria faces three interconnected challenges that threaten to undermine the benefits of renewed international engagement:

1. Persistent Structural Barriers:

More than a decade of conflict has left Syria with a collapsed currency, devastated infrastructure, crippled energy capacity, and a hollowed-out labour market. These factors severely limit investor confidence and limit the state's ability to deliver essential services, constraining economic stabilisation and reconstruction.

2. HTS-led Economic Governance and Policy Risks:

The new authorities, led by Hay'at Tahrir al-Sham (HTS), have pursued a neoliberal agenda centred on rapid privatisation, austerity measures, and the consolidation of elite power. Without safeguards for transparency, social protection, and inclusive decision-making, these policies risk deepening poverty and inequality, repeating the socio-economic grievances that fuelled the 2011 uprising.

3. Weak Political and Institutional Foundations:

The transition has so far lacked genuine inclusivity and comprehensive transitional justice. Governance remains fragmented and securitised, eroding public trust and discouraging the Syrian diaspora and foreign investors from contributing to reconstruction.

To convert sanctions relief into a genuine pathway for recovery, both Syrian authorities and international partners must prioritise policies that rebuild productive sectors, protect vulnerable populations, and embed transparency and accountability in economic governance.

This paper explores these priorities in detail and offers concrete recommendations, including:

- Advancing an inclusive political transition and building democratic institutions.
- Establishing robust transitional justice and anti-corruption mechanisms.
- Supporting MSMEs, agriculture, and renewable energy to revitalise domestic production.
- Aligning foreign investment with Syria's long-term development needs.
- Conducting independent audits of public debt and state expenditures to ensure fiscal sustainability.

Unless these challenges are addressed, Syria risks repeating past cycles of economic exclusion and political instability, turning sanctions relief into a missed opportunity rather than a hopeful turning point for the nation's future.

It is important to note that the data, decrees, and information presented in this report were collected up to mid-August 2025. Given the rapidly evolving situation in Syria, subsequent developments are not reflected here. Readers should therefore be aware that certain updates, particularly regarding political, economic, and security dynamics, may not be captured in this analysis.

1.

Introduction

The fall of Assad's regime in December 2024 raised hopes for a brighter future in Syria. However, after more than seven months, mounting challenges have surfaced or intensified. These include territorial and political fragmentation, foreign influences and occupations, and sectarian tensions - particularly after the massacres in March against Alawite communities in coastal areas, which killed more than 1,000 individuals;¹ attacks on Druze communities in April, May,² and July; and a suicide bombing in a church in Damascus in June.³ More recently, the dramatic events of Suwayda only worsened the situation, with massive human rights violations committed by armed groups aligned with the central authorities in Damascus.⁴ Added to this is the persistent absence of an inclusive and democratic political transition.⁵ These challenges undermine Syria's prospects for economic recovery and reconstruction by deterring investors, both foreign and domestic, restricting cross-regional trade, and increasing state spending on the security sector.

More than half of the Syrian population remains displaced, either internally or abroad. Over 90% of Syrians live below the poverty line, and according to the UN, 16.7 million people - three out of four - required humanitarian aid in 2024. As of June 2025, UNHCR estimated that more than 628,000 Syrians had returned via neighbouring countries since 8 December 2024, and 1.5 million internally displaced persons (IDPs) had gone back to their homes.⁶ At the same time, around 670,000 people were displaced between late November 2024 and May 2025,⁷ and more than 35,000 have become refugees fleeing sectarian violence to neighbouring Lebanon. By the end of 2024, 6.2 million Syrians were registered as refugees, with an additional 7.2 million as IDPs.

Improving socio-economic conditions is crucial to Syria's future and to the broader participation of the Syrian population in the current political transition. Recovery and reconstruction will require forms of international financial assistance. Syria's cumulative economic cost since 2011, including

¹ Reuters, "Syrian forces massacred 1,500 Alawites. The chain of command led to Damascus," June 30, 2025, https://www.reuters.com/investigations/syrian-forces-massacred-1500-alawites-chain-command-led-damascus-2025-06-30/?sfnsn=scwspmo&fbclid=IwY2xjawLQzjtIeHRuA2Fl-bQlxMQBicmlkETBpRGkzcG1kcGdLR3JYNUNYAR6JVc7ku6RENHnb2WnZfYbUMHeefLNcbnHw3_A5Cr9Jb4JxbUwYu3nwxBWTg_aem_E4qqqt_gYagNMCAjC33g

² Mazzen Ezzi, "Suwayda at the Heart of Change: A New Central Authority in Damascus, Local Resilience, and Regional Rivalry over the Druze Community," Friedrich Ebert Stiftung, May 2025, <https://library.fes.de/pdf-files/bueros/beirut/22184.pdf>

³ Justin Salhani, "Deadly church attack raises security fears for Syrians, minorities," Aljazeera English, June 25, 2025, <https://www.aljazeera.com/features/2025/6/25/deadly-church-attack-raises-security-fears-for-syrians-minorities>

⁴ See Joseph Daher, "Suweida Under Fire: The Consolidation of Power in Damascus, and Sectarianism," International Viewpoint, August 1, 2025, https://internationalviewpoint.org/spip.php?article9108&fbclid=IwY2xjawL-lApleHRuA2FlbQlxMQABHIGUbrTq53XligFaWZrYyNd9HG3odJ68ebF-g67JrfrVS8ta9-PUHTSJMIxq_aem_U9VaHISISW-JneEnlFEiCA

⁵ See Joseph Daher, "Three Requisites for Syria's Reconstruction Process," Carnegie Endowment, May 8, 2025, <https://carnegieendowment.org/research/2025/05/three-requisites-for-syrias-reconstruction-process?lang=en¢er=middle-east>

⁶ UNHCR, "Regional Flash Update #33 Syria situation crisis," June 26, 2025, <https://reliefweb.int/report/syrian-arab-republic/regional-flash-update-33-syria-situation-crisis>

⁷ United Nations Meetings Coverage and Press Releases, "Daily Press Briefing by the Office of the Spokesperson for the Secretary-General," May 9, 2025 <https://press.un.org/en/2025/db250509.doc.htm>

physical destruction (\$123 billion) and foregone revenue (\$799.4 billion), was estimated at \$923 billion by UNDP.⁸ The economy has shrunk to an estimated \$17.5 billion in 2023 from \$60 billion before 2011.⁹ Fiscal capacities of the state have also diminished significantly, passing from a national budget of around nearly \$ 18 billion for the year 2010 to around \$3 billion in the years prior to the fall of the Assad regime.¹⁰

In this context, discussions of economic recovery and development have already begun among Syrian social and political actors and international representatives. The continuous process of sanctions relief by the USA, European countries and Japan is in this framework a positive step forward to improve Syria's economic situation and start a reconstruction process, but insufficient regarding the scale of destructions. Many more political and economic challenges exist to witness a successful economic recovery process.

⁸ UNDP, "The Impact of the Conflict in Syria," February 24, 2025. https://www.undp.org/sites/g/files/zskgke326/files/2025-02/undp-sy-seia-final-24022025_compressed.pdf

⁹ The Syria Report, "Syria's Main Economic Indicators Remain in the Red – World Bank," November 19, 2024, <https://syria-report.com/syrias-main-economic-indicators-remain-in-the-red-world-bank/>

¹⁰ See Joseph Daher, "Syria's 2025 budget is bigger but light on subsidies and detail," al-Majalla, November 14, 2025, <https://en.majalla.com/node/323057/business-economy/syria-s-2025-budget-bigger-light-subsidies-and-detail>

2.

Sanctions Relief: A New Hope for Syria?

President Donald Trump announced in Saudi Arabia on Wednesday, 14 May 2025, the removal of US sanctions, which he characterized as “brutal and crippling.” He then met with the self-proclaimed Syrian President Ahmad al-Sharaa. The latter welcomed this “historic and courageous” decision and thanked Saudi Crown Prince Mohammed bin Salman, who hosted the meeting, and Turkish President Recep Tayyip Erdoğan, who joined virtually, for their role in the US decision.¹ Meanwhile, significant sectors of the Syrian population celebrated the news with marches in different cities. In the following weeks, the European Union and Japan also lifted economic sanctions on Syria in a bid to support the war-torn country’s recovery.

At the end of June, President Trump signed an executive order dismantling a web of sanctions against Syria. The US Department of the Treasury stated that this decision offered sanctions relief for “entities critical to Syria’s development, the operation of its government, and the rebuilding of the country’s social fabric.”² On a financial level, the lifting of a wide range of US sanctions

imposed by executive order between 2004 and 2019 could unlock frozen assets, end the ban on US dollar transactions, and reconnect Syrian banks to the global SWIFT system. In addition, Syria will be able to more easily access funds and loans from international financial institutions and development banks.³

The American, European, and Japanese decisions to deliver sanctions relief represent a significant diplomatic victory for Syria’s new authorities, signalling their ability to overcome HTS’ jihadist origins to address international concerns and establish formal relations with key regional and global powers. More broadly, this strategy to secure international recognition indicates a clear determination by Syrian Interim President al-Sharaa and his affiliates to anchor the country in a US-led axis - aligned with regional powers such as Turkey, Qatar, Saudi Arabia and the United Arab Emirates (UAE) - as a way to consolidate their control over Syria. Within this framework, the new rule also seeks steps toward normalization with Israel. Furthermore, it aims to bar any resurgence of Iranian influence, as well as Hez-

¹ Enab Baladi, “After lifting US sanctions... Al-Sharaa calls for investment in Syria,” May 15, 2025, <https://english.enabbaladi.net/archives/2025/05/after-lifting-us-sanctions-al-sharaa-calls-for-investment-in-syria/>

² US Department of Treasury, “Treasury Implements President’s Termination of Syria Sanctions,” June 30, 2025, <https://english.enabbaladi.net/archives/2025/05/after-lifting-us-sanctions-al-sharaa-calls-for-investment-in-syria/>

³ The Islamic Development Bank (IDB) - which serves member states of the Organization of Islamic Cooperation (OIC) - reinstated Syria’s membership in mid-March. The IDB funds a wide range of projects, including infrastructure, social, and economic development programs. In mid-April 2025, Syria’s central bank governor and finance minister attended the International Monetary Fund and World Bank Spring Meetings for the first time in more than two decades. At the end of April, Saudi Arabia and Qatar announced they would settle Syria’s arrears to the World Bank, totalling roughly \$15 million. Clearing these arrears will allow Syria to resume access to the bank’s financial support and technical assistance—critical tools for rebuilding state capacity and economic planning. In early June, an IMF delegation visited Syria for the first time since 2009, meeting with officials from both the public and private sectors, including the finance minister and central bank governor. Later that month, the World Bank approved a \$146 million grant to support electricity restoration and economic recovery in Syria.

bolah, both arch-enemies of the US and viewed by most Gulf monarchies as disruptive or rival forces.

This geopolitical alignment is also intended to attract Foreign Direct Investments (FDI) from Western states and, above all, from regional allies such as the Gulf monarchies and Turkey.⁴

At the same time, it has paved the way for easing financial exchanges and reintegrating Syria's economy into global financial markets, facilitating trade flows, FDI, and investment from the business diaspora - all key objectives of the new authorities. Several joint Syrian-foreign business councils have already been established, including the US-Syria Business Council,⁵ the Syrian-Canadian Business Council,⁶ and the German-Syrian Economic Cooperation Council.⁷

In this context, Damascus has been seeking to attract regional and international companies to invest in the country, particularly to modernise infrastructure and generate revenues. Following the announcement of sanctions relief, the Syrian government signed multiple Memoranda of Understanding (MoUs) with regional and international companies (see Annex). For instance, at the end of July, the Syrian-Saudi Investment Forum (SSIF) was held in Damascus and resulted in \$6.4 billion in pledges across 47 agreements, including \$2.93 billion for real estate and infrastructure projects and \$1.07 billion for the tele-

communications and information technology sector.⁸ The Saudi-Syrian Business Council was also established on this occasion. A few weeks later, new investments were announced totalling \$14 billion, including a \$4 billion renovation of Damascus International Airport in partnership with the Qatari company UCC Holding,⁹ and a \$2 billion metro line in the capital with the Emirates National Investment Corporation.¹⁰ US special envoy Thomas Barrack praised "a new era of prosperity and trade," congratulating the new authorities on "this new achievement."¹¹ At the end of August, a delegation from the Turkish Independent Industrialists and Businessmen Association (MÜSIAD) visited Syria and met with officials from the Syrian Investment Agency (SIA) to discuss potential Turkish investments in reconstruction, real estate development, and energy.

Many obstacles remain in Syria - political, in terms of achieving internal stability, and economic, as the section below clarifies - before these projects can be realised. The implementation of many of the MoUs and economic agreements mentioned above faces deep scepticism. Few or no details have been provided about project financing or implementation timelines. Similarly, the mechanisms behind these agreements - including selection processes, standards, and criteria for awarding contracts - remain undisclosed and often lack transparency.

⁴ For more see Joseph Daher, "HTS' strategy to Consolidate its power in Syria," Syria Untold, July 28, 2025. <https://syriauntold.com/2025/07/28/hts-strategy-to-consolidate-its-power-in-syria/>

⁵ SANA, "US-Syria Business Council has been announced in Washington," June 14, 2025, <https://sana.sy/en/?p=359431>

⁶ SANA, "Syrian-Canadian Business Council kicks off in Damascus," July 3, 2025, <https://sana.sy/en/?p=362487>

⁷ SANA, "German envoy affirms support for Syria," June 18, 2025, <https://www.sana.sy/en/?p=360008>

⁸ Reuters, "Saudi Arabia announces \$6.4 billion in Syria investments," July 24, 2025, <https://www.reuters.com/world/middle-east/saudi-arabia-announces-64-billion-syria-investments-2025-07-24/>

⁹ UCC Holding, "Syria Signs USD 4 Billion Foreign Investment Agreement with Qatari UCC Holding-Led Consortium to Redevelop Damascus International Airport," August 6, 2024. <https://uccholding.com/media/read/qatar-backs-syrias-economic-revival-with-strategic>

¹⁰ Aljazeera English, "Syria signs \$14bn infrastructure deals, will revamp Damascus airport," August 6, 2025. <https://www.aljazeera.com/news/2025/8/6/syria-signs-14bn-infrastructure-deals-will-revamp-damascus-airport>

¹¹ Kurdistan 25, "US Ambassador Tom Barrack hails new era of infrastructure and diplomacy in Syria," August 6, 2024. <https://www.kurdistan24.net/en/story/856290/us-ambassador-tom-barrack-hails-new-era-of-infrastructure-and-diplomacy-in-syria>

Moreover, several conferences and deals were political rather than economic in nature. The organisation of the SSIF, for example, was accelerated as the dramatic events in Suwayda were unfolding, serving as a show of support for the new authorities in Syria and their presumably stable rule. The primary objective of Gulf investments in Syria is to politically stabilise and legitimise the new authorities in Damascus, with economic returns a secondary concern. In the Gulf's current economic strategy, Syria is not a top priority. The stabilisation and legitimisation of Syrian ruling authorities serve Gulf states' national interests and regional agendas that promote authoritarian stability. Therefore, these MoU and economic agreements remain largely declarative and await concrete implementation.

In other words, the lifting of US sanctions represents a source of hope for the Syrian population, as a significant obstacle to economic recovery has been removed. However, major barriers still hinder Syria's prospects for meaningful recovery.

3.

Structural Challenges for an Economic Recovery

While Syria has been under US sanctions since 1979, after being placed on the US list of state sponsors of terrorism, it was the Caesar Act - passed in December 2019 - that severely impacted Syria's economy by sanctioning any attempts to aid the former regime or contribute to the country's reconstruction. Both the enactment and the lifting of the Caesar Act, as well as Syria's designation as a state sponsor of terrorism, formally require congressional approval,¹ completed through a defined process.

In light of this uncertainty, broader engagement with Syria by financial institutions, businessmen, and traders will depend on that process moving forward. More importantly, even in the absence of sanctions, Syria faces deep structural economic challenges that hinder both economic recovery and the prospect of reconstruction.

While the Syrian pound (SYP) has experienced some temporary gains in stability and value since the beginning of the year, this has not been driven by improvements in economic fundamentals or increased inflows of foreign currency. Instead, it resulted from an administrative decision by the Central Bank of Syria (CBoS) to restrict access to

deposits in Syrian pounds.² Once these restrictions are lifted, the SYP still has a long way to go before achieving genuine stability, deterring investors seeking short- and medium-term returns due to the risk of further currency depreciation.

The destruction of Syria's productive sectors - particularly manufacturing and agriculture - together with a persistent trade deficit, places additional pressure on the SYP.³ The currency's stabilisation also depends heavily on the evolution of the Lebanese financial crisis. At the same time, the SYP faces competition from the Turkish lira (TRY) in parts of the northwest, while US dollars continue to circulate widely across the country. Reintroducing the SYP as the primary currency could prove problematic if it fails to stabilise. In this context, the recent decision by Central Bank Governor Abdul Qadir al-Hasriya to redenominate the currency by removing two zeros and issuing new banknotes will not resolve the structural weaknesses of the SYP. In addition, revaluation risks confusing parts of the population and could trigger new inflationary dynamics.

Meanwhile, Syria's infrastructure and transport networks remain severely damaged. The destruc-

¹ The US President can put an end to sanctions promulgated by the executive branch of the US government, but not those issued by Congress, such as the Caesar Act or the Syria Accountability and Lebanese Sovereignty Restoration Act, although the executive power can suspend them for a renewal 6-month period.

² More generally, the free movement of capital is still limited as a result of the regulatory imbalances within Syrian banks.

³ See Joseph Daher, "The deep roots of the depreciation of the Syrian pound," Middle East Directions (MED); Wartime and Post-Conflict in Syria, December 2019, <https://cadmus.eui.eu/server/api/core/bitstreams/e2250352-6441-5607-a606-99e1f0b3d6fe/content>

tion of key roads and bridges has restricted the flow of goods and access to markets,⁴ while rubble and debris have accumulated in many urban areas, making passage difficult and, in some cases, leaving entire neighbourhoods isolated.⁵ Production costs, particularly electricity, remain high, and the country continues to face severe shortages of essential commodities and energy resources. Regarding electricity, the transitional government issued Decision No. 340 in late March, cutting industrial electricity prices⁶ from SYP 1,900 per kilowatt-hour to SYP 1,500, with additional fees raising the effective price to about SYP 2,375. The new rate equals roughly \$0.16 per kilowatt-hour. However, despite this reduction, electricity in Syria remains far more expensive for industrial producers than neighbouring countries: \$0.025 in Egypt, \$0.095 in Jordan, \$0.09 in Turkey, and \$0.04 in Iraq.⁷ In a further attempt to reduce electricity costs, Interim President Ahmad al-Sharaa issued a decree exempting electricity consumption from all financial and administrative fees starting 1 September 2025. These fees had previously amounted to about 21.5%. Finance Minister Mohammed Yisr Barniyeh explained that the exemption applied to domestic, commercial, and industrial consumers alike, adding that the measure reflects the state's commitment to helping industrialists reduce production costs and enhance competitiveness.⁸ In August, the Ministry of Energy declared a reduction of fuel oil prices by 14%, and in gas prices by 23%, for industrial use. Despite the new reduction, electricity

costs in Syria remain considerably higher than in neighbouring countries.

More than 50% of Syria's electrical infrastructure has been completely or partially destroyed, with the Ministry of Energy estimating reconstruction costs at roughly \$5.5 billion. Energy capacity has fallen from 8,500 megawatts (MW) in 2011 to just 3,500 MW today.⁹ To guarantee 24-hour power across the country, Syria requires about 6,500 MW, but current production hovers around 1,700 MW. Under optimal fuel supply conditions,¹⁰ output could rise to 4,000 MW. The average daily power supply has dropped to under four hours in most governorates, with some rural areas receiving virtually none. Affordable electricity is essential for any prospect of economic recovery. In early August, the Qatar Fund for Development (QFFD) announced the launch of a second phase of energy support, providing 3.4 million cubic meters of gas from Azerbaijan to Aleppo via Turkish territory - a measure expected to generate about 800 MW, far from sufficient but a step forward.¹¹

There is also a significant shortage of qualified labour, with no clear indication that skilled workers will return in the near future. Political and economic instability, the high cost of living, and low purchasing power all discourage their return. Meanwhile, large segments of society depend on remittances from relatives abroad, estimated at

⁴ In 2017, the Syrian Minister of Transport declared that 8,400 kilometers of road have been destroyed out of a total length of 69,000 km, in addition to 1,800 km of railways out of a network of 2,450 km. Some 17 bridges used for railways were also destroyed. The Syria Report, "Transport Sector Largely Destroyed – Official," 30 May 2017, <https://syria-report.com/transport-sector-largely-destroyed---official/>

⁵ UN Habitat, "Recovery of Services and Infrastructure in Syria. "Not If, But How?," July 2022, <https://unhabitat.org/sites/default/files/2022/09/infrastructure.pdf>

⁶ However, the authorities maintained the price of SYP 1,600 per kilowatt-hour for industrialists working in iron and scrap smelting.

⁷ However, the authorities maintained the price of SYP 1,600 per kilowatt-hour for industrialists working in iron and scrap smelting.

⁸ SANA, "Barniyeh: Decree exempting domestic, commercial, and industrial electricity consumers from fees," August 19, 2025, <https://archive.sana.sy/?p=2264167>

⁹ SANA, "Barniyeh: Decree exempting domestic, commercial, and industrial electricity consumers from fees," August 19, 2025, <https://archive.sana.sy/?p=2264167>

¹⁰ Syria requires 23 million cubic meters of gas and 5,000 tons of fuel oil daily to keep its electricity generation stable. (al-Hal, "Jordan and Syria Hold Talks to Supply Damascus with Electricity," The Syrian Observer, July 3, 2025, <https://syrianobserver.com/society/jordan-and-syria-hold-talks-to-supply-damascus-with-electricity.html>

¹¹ SANA, "QFFD: Supporting electricity in Syria is a continuation of efforts to support our Syrian brothers," August 1, 2025, <https://sana.sy/en/?p=366936>

over \$4 billion annually, around 23% of GDP.¹²

The private sector, composed of more than 95% micro, small and medium-sized enterprises (MSMEs) with limited capacity, still requires considerable modernisation and rebuilding after more than 13 years of war and destruction.¹³ However, the government's policy of accelerated trade liberalisation threatens their survival. In late January 2025, Damascus reduced customs duties on more than 260 Turkish products. Turkey's exports to Syria reached \$1 billion in the first five months of 2025, a 47% increase compared to the same period in 2024, according to the Turkish Ministry of Trade.¹⁴ Syrian and Turkish officials have also agreed to resume negotiations on the 2005 Turkey-Syria Free Trade Agreement (FTA), suspended since 2011, with plans for a broader economic partnership.¹⁵ Yet this will place Syrian domestic production, particularly manufacturing and agriculture, at even greater risk, as local industries struggle to compete with Turkish imports. The original 2005 FTA had already dealt a severe blow to Syrian industry, leading to the closure of many factories, especially in the suburbs of Aleppo and Damascus.

State resources are also severely restricted,¹⁶ limiting investment in the economy. Moreover, reforms announced in mid-July by the Syrian Ministry of Finance to establish a new tax system, set to take effect at the beginning of 2026, are likely to reduce revenues. A unified and non-categorical

tax structure, with a single corporate tax applied equally across all business entities regardless of size, will weaken efforts to expand the revenue base and is fundamentally inequitable.¹⁷

Meanwhile, the political-economic orientation of the new authorities increasingly favours a commercial model focused on short-term profit, to the detriment of Syria's productive sectors. This is reflected in the nature of the investment promises made to Syria, and in Damascus' focus on attracting capital into tourism, real estate, and financial services - sectors that generate quick returns - rather than encouraging FDI in productive sectors such as manufacturing and agriculture. For instance, during the SSIF held in Damascus at the end of July, the Damascus Governorate presented Saudi businessmen with a comprehensive portfolio of investment opportunities worth an estimated \$15.3 billion across six zoned real estate areas. These projects entail granting ownership of large swaths of land to private investors in exchange for their participation in reconstruction, primarily through public-private partnerships (PPP) and the build-operate-transfer (BOT) model.¹⁸ Some of these real estate schemes include controversial projects such as Marota City and Basilia City. In many respects, these initiatives strongly resemble those promoted by the former Syrian regime before 2011 to attract Gulf investment into large-scale real estate ventures.

¹² Zeinab Dawa, "Remittances: "Survival economy" enhances vulnerability and dependency," Enab Baladi, April 17, 2025, <https://english.enabbaladi.net/archives/2025/04/remittances-survival-economy-enhances-vulnerability-and-dependency/>

¹³ Prior 2011, MSMEs contributed to approximately 60% to Syria's GDP, while in 2023 they still contributed about 40% to Syria's GDP, according to a UNDP report (UNDP, "Five reasons why MSMEs are important for Syria's economic recovery and social development," June 27, 2023, <https://www.undp.org/arab-states/stories/five-reasons-why-msmes-are-important-syrias-economic-recovery-and-social-development>)

¹⁴ Levant 24, "Turkey Eyes Economic Integration with Syria," June 8, 2025 https://x.com/levant_24_/status/1931585540429664548?s=43&t=y-dgmlxOXXZCRcXLuzc9pbg

¹⁵ Reuters, "Turkey says it and Syria agreed to reevaluate tariffs for some products," January 24, 2025, <https://www.reuters.com/world/middle-east/turkey-says-it-syria-agreed-reevaluate-tariffs-some-products-2025-01-24/>

¹⁶ Prior to the fall of the Assad's regime, the 2025 budget reached SYP 52.6tn (or \$3.9bn), while the 2023 budget was SYP 35.5tn (equivalent to \$3.1bn)

¹⁷ Enab Baladi, "Get to Know Syria's New Income Tax System," July 16, 2025, <https://english.enabbaladi.net/archives/2025/07/get-to-know-syria-s-new-income-tax-system/>

¹⁸ The Syria Report, "Syria Plans to Build New Administrative City, Offers Investors Prime Real Estate Areas in Damascus", July 29, 2025, <https://syria-report.com/syria-plans-to-build-new-administrative-city-offers-investors-prime-real-estate-areas-in-damascus/>

Access to energy resources - oil and gas - also needs to improve. Before the fall of Assad's regime, Iran supplied much of Syria's oil, but that support has since ceased. Syria's oil sector has nevertheless seen modest improvements, particularly through increased supplies from Russia since early 2025. The exact volume of deliveries remains unknown, although Moscow is apparently progressively filling the gap left by halted Iranian shipments. In addition, Turkey has emerged over the past year as a key exporter of liquefied petroleum gas (LPG) to Syria.¹⁹

Syria's main oil resources are located in the north-east, currently under the control of the Kurdish-led Autonomous Administration of North and East Syria (AANES). A deal concluded in March between the Syrian Presidency and AANES partially restored Damascus' access to these resources. However, Syria's oil and natural gas production has continued to decline sharply since 2011. Oil production fell from 385,000 barrels per day (b/d) in 2010 to just 90,000-110,000 b/d in early 2025 - well below domestic demand²⁰ estimated at 163,000 b/d in 2024 (down from 305,000 b/d in 2010). As of late June, Syria's oil fields had the capacity to produce up to 200,000 b/d but were not operating at full potential due to damaged pipelines and refineries, according to Energy Minister Mohammed El-Bashir. Repair work on some domestic pipelines is still underway, and the Homs-Hama transfer line restarted on 17 June after a 14-year shutdown. The country's two main refineries - Baniyas (120,000 b/d) and Homs (110,000 b/d) - have a combined capacity of about 230,000 b/d but were operating at only 70,000 b/d at the end of 2024.²¹

To increase national production and improve the country's oil infrastructure, Damascus has tried to revive former agreements and attract new investors. The Syrian government has notably invited Russian energy company Tatneft to resume operations. Tatneft, which holds exploration and production rights in eastern Syria, signed a production-sharing agreement (PSA) in March 2005 for Block 27 - a 1,900-square-kilometre area near the Iraqi border, adjacent to fields developed by Al-Furat Petroleum Company (AFPC) and Deir-ez-Zor Petroleum Company (DEZPC). By early 2010, Tatneft had invested about \$50 million in seismic surveys and exploration, leading to the discovery of an estimated 38.2 million barrels of recoverable oil in the South Kishmeh field. Operations, however, ceased after 2012 due to the conflict.²² Meanwhile, UK-based Gulfsands Petroleum is also seeking to return to Syria, where it previously operated Block 26 in the northeast in partnership with China's Sinochem Group.²³ In mid-July, Damascus welcomed several US companies - such as Baker Hughes (BKR.O), Hunt Energy, and Argent LNG - interested in developing and investing in the energy sector.²⁴

The ongoing lifting of sanctions has improved Syria's access to oil resources and supported efforts to restore refinery capacity and national production. Structural economic obstacles, however, remain significant for the new authorities. Questions also persist over their broader economic orientation.

¹⁹ Ibid.

²⁰ English Enab Baladi, "Oil and gas slowly flowing into Syria," April 9, 2025, <https://english.enabbaladi.net/archives/2025/04/oil-and-gas-slowly-flowing-into-syria/>

²¹ Lauren Holtmeier and Robert Perkins, "Factbox: Trump lifts Syria sanctions, opening door to oil sector revival," S&P Global, July 1, 2025.

²² The Syria Report, "Syria Invites Russian Oil Company to Resume Operations," June 24, 2025, <https://syria-report.com/syria-invites-russian-oil-company-to-resume-operations/>

²³ Argus Media, "UK Gulfsands Petroleum eyes return to Syria's upstream," February 19, 2025, <https://www.argusmedia.com/en/news-and-insights/latest-market-news/2659370-uk-gulfsands-petroleum-eyes-return-to-syria-s-upstream>

²⁴ Timour Azhari, "Exclusive: US firms to develop Syria energy masterplan after Trump lifts sanctions," Reuters, July 18, 2025, <https://www.reuters.com/sustainability/boards-policy-regulation/us-firms-develop-syria-energy-masterplan-after-trump-lifts-sanctions-2025-07-18/>

4.

Economic Orientation and Governance Under the New Authorities

Since the fall of the Assad regime in December 2024, the new authorities have pursued an economic orientation based on both free-market dynamics and austerity measures. This represents a major policy risk in a country lacking political stability and where more than 90% of the population lives below the poverty line. Several post-conflict states in the region - such as Lebanon and Iraq - have experienced similar trajectories. The roots of Lebanon's 2019 financial crisis, for instance, lie in the country's political economy since the end of the Civil War. Successive governments emphasised deeper integration into the global economy and private-sector growth. This model reinforced long-standing features of the Lebanese economy: a reliance on finance, real estate and services, alongside widening social inequalities and regional disparities. The heavily financialised nature of the system and the marginalisation of agriculture and industry exacerbated these divides, while the economic and political elites of sectarian communities were the chief beneficiaries of these policies through privatisation schemes and the clientelist allocation of state contracts.¹ In Iraq, following the US-British occupation, the coalition privatized much of the economy and handed control to foreign corporations under the banner of reconstruction. Around

200 national companies were affected, including railways, electricity, water supply and sewerage (destroyed by the coalition), as well as television and radio, hospitals (once free), telecommunications, and airports. Successive Iraqi governments continued these policies. Rapid privatisation and market liberalisation, compounded by corruption, clientelism and nepotism, have had destructive effects on Iraqi society that persist to this day, despite oil rents.²

A similar orientation is now evident in the statements and decisions made by Syrian officials. Former Minister of Economy and Foreign Trade Abdulaziz Abdul Hanan declared in mid-December 2024: "We will move from a socialist economy... to a free-market economy," emphasising that "the private sector... will be an effective partner and contributor to building the Syrian economy."³ Likewise, ahead of his visit to the World Economic Forum in Davos in January 2025, Foreign Minister Asaad al-Shaibani told the Financial Times that the new rulers planned to privatise state-owned ports and factories, invite foreign investment, and boost international trade.⁴ He added that the government "would explore public-private partnerships to encourage invest-

¹ See Joseph Daher, "Lebanon, how the post-war's political economy led to the current economic and social crisis," European University Institute, Middle East Directions (MED), January 12, 2022, <https://cadmus.eui.eu/server/api/core/bitstreams/ca8c7b69-2e66-53e3-9398-d3294514a46f/content>

² Lily Hamourtziadou and Bülent Gökyay "Iraq's security 2003-2019: death and neoliberal destruction par excellence," Open Democracy, January 7, 2020. <https://www.opendemocracy.net/en/north-africa-west-asia/iraqs-security-2003-2019-death-and-neoliberal-destruction-par-excellence/>

³ Federation of Syrian Chambers of Commerce, Facebook, December 18, 2024, https://www.facebook.com/story.php?story_fbid=614392451151711&id=100077428834902&rdid=r0dhds1n82LXo43b

⁴ The Financial Times, "Syria to dismantle Assad-era socialism, says foreign minister" January 2025, <https://www.ft.com/content/43746784-4e14-4c70-a6be-1aa849cd66ee>

ment into airports, railways and roads.” For instance, the recent contract with a Qatari-led international consortium, including UCC, in the energy sector constitutes a form of full privatization under the build-own-operate (BOO) model. In this model, a private company builds and operates a project while retaining ownership of the asset indefinitely, meaning control over public services or infrastructure assets permanently shifts from the state to private hands. More broadly, al-Sharaa and his ministers have held numerous meetings with Syrian businessmen, both domestic and expatriate, to present their economic vision and address their grievances, aiming to secure their support and align policies with their interests.

As for austerity measures, several decisions have been undertaken to reduce the burden on state expenses. The price of subsidised bread was raised from SYP 400 (for 1,100 grams) to SYP 4,000 (initially 1,500 grams, later reduced to 1,200 grams). A few weeks later, the Minister of Electricity, Omar Shaqrouq, stated in a January 2025 interview with The Syria Report that subsidies on electricity would eventually be reduced or removed because current “prices are very low, much below their costs,” adding that this would happen “only gradually and only as average incomes increase.”⁵ Meanwhile, the price of a subsidised domestic gas cylinder rose sharply, reaching SYP 129,800 (around \$11.8) in May, compared to SYP 25,000 (\$2.1) in December 2024, a change that has significantly affected Syrian households.⁶

More broadly, the government suspended subsidised fuel in December 2024, raising production costs in both the agricultural and manufacturing sectors.⁷ Prices of oil products are now set in US dollars, making them directly subject to fluctuations in the Syrian pound’s exchange rate.

In addition, the new authorities announced the dismissal of between one-quarter and one-third of the state workforce at the beginning of the year, targeting employees allegedly drawing salaries without actually working. No official figures have been released on the total dismissed, while some were placed on paid leave for three months pending review of their roles. Following this decision, protests by dismissed or suspended workers erupted throughout the country in January and February 2025.⁸ However, the sectarian massacres in the coastal areas and subsequent attacks on Druze communities significantly weakened the protest movement, amid fears that armed groups aligned with the new rule might respond with violence.

After months of waiting, the new authorities finally raised the salaries of public employees and retirees by 200%, setting the minimum wage at SYP 750,000 Syrian per month (around \$68 at the official exchange rate of SYP 11,000 to \$1), effective at the end of July.⁹ This decision is a step in the right direction, despite the lack of transparency regarding how the increase will be funded.¹⁰

⁵ The Syria Report, “Turkish and Qatari Electricity Ships Not Expected Anytime Soon – Minister of Electricity,” January 29, 2025. <https://syria-report.com/turkish-and-qatari-electricity-ships-not-expected-anytime-soon-minister-of-electricity/>

⁶ Eqtsad, “Unified pricing for domestic gas cylinders in all governorates” (in Arabic), May 21, 2025. <https://www.eqtsad.net/news/article/39596/>

⁷ GRFC 2025, Regional and Country Overviews, Middle East and North Africa, “Syrian Arab Republic,” 2025, <https://www.fsinplatform.org/sites/default/files/resources/files/GRFC2025-country-SY.pdf>

⁸ Harun al-Aswad and Alex MacDonald, “Sacked Syrian workers stage nationwide protests as government targets public sector,” March 7, 2025, Middle East Eye, <https://www.middleeasteye.net/news/syria-sacked-workers-stage-protest-jobs-back>

⁹ SANA, “President Ahmad al-Sharaa issues decree increasing salaries of civilian and military employees by 200%,” June 23, 2025, <https://sana.sy/en/?p=360663>

¹⁰ The Syrian Minister of Finance, Mohammad Yusr Barniyeh, did not explain the mechanism to fund the annual cost of the latest wage rise, which is estimated to range between \$1.2 billion and 1.3 billion. In May, Barniyeh stated that Qatar would help paying some public sector salaries, as high as \$29 million a month for three months. This would cover wages in the health, education and social affairs sectors and non-military pensions. The Saudi Kingdom also affirmed that it would assist in the funding. (Asharq Al Awsat, “Syria Announces 200 Percent Public Sector Wage, Pension Increase,” June 22, 2025. <https://english.aawsat.com/arab-world/5157197-syria-announces-200-percent-public-sector-wage-pension-increase>)

However, the rise in wages has been largely offset by inflation. Since 2011, Syria has experienced rampant inflation, averaging over 50% annually. The Consumer Price Index (CPI) soared from a base of 100 in 2010 to approximately 20,000 by the end of 2024 - a 200-fold increase.¹¹ The majority of the population, whether employed in the state or private sector, cannot cover monthly needs with their salaries. According to Qasioun newspaper estimates at the end of June 2025, the minimum cost of living for a five-member Syrian family in Damascus reached about SYP 9 million (around \$818).¹² In this context, the government's wage decision remains insufficient to alleviate the population's hardship or counter rising living costs.

This is also why the Ministry of Education's July decision to cut salaries in Idlib to \$90 per month, down from \$150, was described by teachers as "unfair" and provoked demonstrations.¹³ Education Minister Mohammed Abdul Rahman Turko defended the decision on the basis of equality among teaching staff across all governorates, stating that it had been coordinated with the Ministry of Finance.¹⁴

At the same time, Syria is facing one of the most

severe food crises in the recent decades, as a "historic drought" has heavily impacted the domestic wheat harvest, a cornerstone of the country's agricultural output. The government has yet to address the problem in its full complexity. In mid-June, it introduced a financial incentive for wheat farmers, by granting an additional incentive of \$130 per ton to the official purchase price set by the Ministry of Economy and Industry.¹⁵ This brought the total procurement price to \$450 per ton - above the \$420 offered by the AANES - in a bid to secure more wheat. In the beginning of July, the Syrian Establishment for Grains reported collecting more than 291,000 tons of wheat across its centres since the start of deliveries in June,¹⁶ while AANES authorities announced the purchase of 254,000 tons as of 27 June.¹⁷ Combined, these figures suggest a national wheat output of roughly 545,000 tons so far, with collection still ongoing.¹⁸ The Ministry of Agriculture estimated this year's harvest could reach 772,838 tons, only slightly above the historic low of 559,000 tons recorded in 1966. In anticipation of shortages, Damascus has signed multiple wheat import agreements, including with Russia, and has received a 200,000-ton donation from Iraq.¹⁹ However, according to The Syria Report, the Ministry of Agriculture is considering abandoning support for wheat cultivation in the future.²⁰ The sector is already under strain as fertilizer prices

¹¹ UNDP, "The Impact of the Conflict in Syria," February 2025, https://www.undp.org/sites/g/files/zskgke326/files/2025-02/undp-sy-seia-fin-al-24022025_compressed.pdf

¹² Kassiou, "After the increase: The minimum wage covers two and a half days of the minimum living expenses for a family" (in Arabic), June 29, 2025, <https://kassiou.org/economic/item/83656-2025-06-29-18-08-05>

¹³ It is interesting to note that the minimum wage in the northwest is different, reaching \$100, compared now to \$68 in former regime held areas. This is why the decision to raise salaries, Decree No. 102, specifically excluded civilian and military employees in ministries, administrations, public institutions, public sector companies and establishments, and all administrative units subject to the provisions of the Basic Workers Law No. 53 of 2021 issued by the Syrian Salvation Government, which used to govern Idlib before taking power in Damascus. (The Syria Report, "Presidential Decree No. 102 of 2025 Increasing Civil Servants Salaries by 200 percent," June 23, 2025, <https://syria-report.com/presidential-decree-no-102-of-the-year-2025/>)

¹⁴ Aghid Abu Zayed, "In protest against the minister's decision, Idlib teachers stage a protest. What's the story?" (in Arabic), al-Hal Net, July 5, 2025, <https://7al.net/2025/07/05/إدلب-ينظ-الوزير-معلمو-احتجاجا-على-قرار-الوزير-معلمو-إدلب-ينظ/>

¹⁵ SANA, "Presidential decree grants farmers who deliver wheat crop to Syrian Grain Establishment an incentive bonus of \$130 for every ton," June 11, 2025, <https://sana.sy/en/?p=359137>

¹⁶ SANA, "Syrian Establishment for Grains confirms receiving more than 290,000 tons of wheat," July 2, 2025, <https://sana.sy/en/?p=362344>

¹⁷ North Press Agency, "Wheat reserves secure food supply in NE Syria for two years – AANES," June 29, 2025, <https://npasyria.com/en/126829/>

¹⁸ By mid-August 2025, the new government had only purchased 373,500 tons of wheat from local farmers this season, according to Reuters. See: Sarah El Safty and Maha El Dahan, "Historic drought, wheat shortage to test Syria's new leadership", Reuters, August 18, 2025, <https://www.reuters.com/world/middle-east/historic-drought-wheat-shortage-test-syrias-new-leadership-2025-08-18/>

¹⁹ The Syria Report, "Wheat Crop at a Historic Low," June 24, 2025, <https://syria-report.com/wheat-crop-at-a-historic-low/>

²⁰ The Syria Report, "Facing Severe Drought and Import Uncertainty, Syria's Wheat Crisis Deepens," May 28, 2025, <https://syria-report.com/facing-severe-drought-and-import-uncertainty-syrias-wheat-crisis-deepens/>

have tripled since 2023, driving up production expenses, limiting farmers' access to inputs, and further reducing yields.²¹ More broadly, no long-term plan exists to support agriculture in the near future.²² If the situation continues and inaction persists, more farmers and peasants will likely abandon their land, unable to sustain production costs. This would increase Syria's dependence on foreign actors for key food imports, further undermining any prospects for (re)building food sovereignty and driving up market prices, including for bread.

In parallel with this neoliberal economic orientation and austerity agenda, Syria's new authorities have also taken measures to consolidate control over economic and social actors as they have done with state institutions.²³ They have restructured the country's chambers of commerce, replacing most members with appointees and reducing the size of boards in major chambers, including Damascus, Rural Damascus, Aleppo and Homs. Several new board members are known for their close ties to HTS, such as Alaa Al-Ali,²⁴ former head of the HTS-affiliated Idlib Chamber of Commerce and Industry, now appointed president of the Federation of Syrian Chambers of Commerce. Others are prominent pre-2011 business figures, such as Issam Ghreiwati, son of Zuhair Ghreiwati - founder of the Ghreiwati Group, one of Syria's most prominent conglomerates - who now serves as chairman of the board. In early July, the Minister of Economy and Industry issued two decrees appointing members to the Damascus and Rural Damascus Chamber of In-

dustry and the Aleppo Chamber of Industry.²⁵

Furthermore, the Interim President's brother, Hazem al-Sharaa, has increasingly emerged as a key figure in economic affairs and in managing business elites. He notably accompanied Ahmad al-Sharaa on his first foreign visits to Saudi Arabia and Turkey. A recent Reuters investigation revealed that Hazem al-Sharaa, along with a small committee, has been responsible for reshaping the Syrian economy through secret acquisitions of companies previously owned by businessmen affiliated with the former Assad regime.²⁶

This underscores the failure of the new rule to establish a framework for comprehensive, long-term transitional justice aimed at holding individuals and groups accountable for war and economic crimes. No credible process of transitional justice has been initiated to recover state assets or prosecute businessmen linked to the former regime and implicated in major financial and economic crimes. On the contrary, several prominent figures affiliated from Assad's inner circle have secured forms of reconciliation, such as Mohammad Hamsho, historically a close ally and frontman of Maher al-Assad, and Salim Daaboul, owner of at least 25 companies and son of Mohammad Deeb Daaboul, who served as Hafez al-Assad's personal secretary for 40 years.²⁷

Additionally, the authorities have installed loyalists to head trade unions and professional associ-

²¹ GRFC 2025, Regional and Country Overviews, Middle East and North Africa, "Syrian Arab Republic," 2025, <https://www.fsinplatform.org/sites/default/files/resources/files/GRFC2025-country-SY.pdf>,

²² See for instance Emmanuel Haddad, "Face à la sécheresse, ces paysans qui veulent reverdir la Syrie," *Orient le Jour*, August 5, 2025, <https://www.lorientlejour.com/article/1471787/face-a-la-secheresse-ces-paysans-qui-veulent-reverdir-la-syrie.html>

²³ See Joseph Daher, "Three Requisites for Syria's Reconstruction Process," *Carnegie Endowment*, May 8, 2025, <https://carnegieendowment.org/research/2025/05/three-requisites-for-syrias-reconstruction-process?lang=en¢er=middle-east>

²⁴ Zaman al-Wasl, "Open economy impacts on Syrian people," April 30, 2025, <https://en.zamanalwsl.net/news/article/69570/>

²⁵ Tartous Now (in Arabic), Facebook, July 3, 2025, <https://www.facebook.com/100064738714805/posts/-ورد-الآن-وزير-الاقتصاد-والصناعة-يصدر-قرارين-1159262569575023/وريفها-دمشق-وريفها/بتعيين-أعضاء-عرفة-صناعة-دمشق-وريفها/>

²⁶ This committee has taken control of assets worth over \$1.6 billion from businessmen and companies formerly affiliated with the former Assad regime according to this investigation. Timour Azhari et Feras Dalaty, "Syria is secretly reshaping its economy. The president's brother is in charge," *Reuters*, July 24, 2025, <https://www.reuters.com/investigations/syria-is-secretly-reshaping-its-economy-presidents-brother-is-charge-2025-07-24/>

²⁷ The Syria Report, "Between Settlements and Exile, the Fate of Assad Regime Cronies," June 11, 2025, <https://syria-report.com/between-settlements-and-exile-the-fate-of-assad-regime-cronies/>

ations, without holding elections for new leadership.²⁸ Notably, they appointed a union council for the Syrian Bar Association composed of members of the Free Bar Association Council operating in Idlib. Syrian lawyers responded by launching a petition calling for democratic Bar Association elections.²⁹ More broadly, workers' rights appear far from a priority, to say the least. At the end of May, the Ministry of Economy and Industry issued a decision temporarily suspending the requirement for business owners and company directors to register employees with social security, citing the aim of simplifying procedures and encouraging investment. The move sparked criticism for undermining labour protections. In response, the ministry clarified that the measure did not eliminate the obligation but merely deferred it until the year's end to promote business registration with chambers of commerce. Despite this clarification, concerns persist over heightened risks of worker exploitation.

Finally, some administrative decisions have raised concerns and revealed a lack of transparency. This is particularly the case with the Ministry of Finance's April decision to adopt Cham Cash, an unlicensed mobile application linked to Bank Cham, as the sole platform for paying salaries to public employees and retirees. This was done despite the fact that the Central Bank of Syria (CBoS) does not recognise Bank Cham as a licensed institution. Bank Cham was established by HTS in Idlib in 2020 and registered in Turkey, with limited information available about its oper-

ations.³⁰ Similarly, in the telecommunications sector, companies previously owned by figures close to the Assad presidential palace³¹ - such as Al-Burj and Opal - resumed operations within days after the regime's overthrow in December, rebranded now as Al-Mujtahid Technical Company. The firm is registered with a capital of only SYP 50 million (about \$4,545) and its owners are unknown and untraceable in public records.³²

More broadly, informal networks have expanded, consisting of so-called "administrative sheikhs" and other clandestine committees embedded within ministries and state institutions. These networks oversee and dominate critical sectors ranging from security and finance to foreign policy and internal administration, operating with minimal bureaucratic oversight. In this context, the formal channels of state institutions are often bypassed, with real authority concentrated in small, opaque circles of individuals exercising significant autonomy and secrecy.

²⁸ Hassan Ibrahim, Ali Darwish and Mowaffak al-Khouja, "Unions face a historic opportunity in Syria," February 27, 2025, Enab Baladi, <https://english.enabbaladi.net/archives/2025/02/unions-face-a-historic-opportunity-in-syria/>

²⁹ Doc Google, "In Defense of the Independence of the Legal Profession in Syria," January 2025, <https://docs.google.com/forms/d/e/1FAIpQLScrCLE59zpTMNKbx8R-M2p0OXyXn5yR9iJonflm4s4-pyukw/viewform>

³⁰ The Syria Report, "Government Pays Salaries via HTS-Linked App as Syria Phone Suspends Services," April 15, 2025. <https://syria-report.com/government-pays-salaries-via-hts-linked-app-and-syria-phone-suspends-services/>

³¹ Yasser Ibrahim and his family members were the owners of these companies and acted as fronts to the Presidential Palace. These firms were the exclusive suppliers to Syriatel and MTN, providing technical support, towers, spare parts, and development services. Contracts were non-negotiable, depriving the original operators of autonomy. According to a report of Harmoon Center For Contemporary Studies, "Yasser Ibrahim, who is often referred to as 'the treasurer of the Republican Palace,' and who officially holds the position of director of the financial and economic office in the Presidency of the Republic, known as the 'secret office.' He is also charged with collecting money from merchants and industrialists, under the threat of arrest or seizure of assets." Wajih Haddad, "Replacing the Old Business Elite With the New War Profiteers In Syria," Harmoon Center For Contemporary Studies, July 2022, <https://www.harmoon.org/wp-content/uploads/2022/07/the-new-war-profiteers-In-Syria.pdf>

³² Sources close to the new authorities confirmed to the Lebanese Daraj Media that part of Al-Mujtahid's early profits were used to pay the salaries of the Interior Ministry - an institution excluded from the Qatari-Saudi salary grant supporting the rest of the public sector. Daraj, "Who Is Seizing Syria's Telecommunications Sector?," The Syrian Observer, July 2, 2025. <https://syrianobserver.com/society/who-is-seizing-syrias-telecommunications-sector.html>

5.

Conclusion

Syria faces significant political and socio-economic challenges. Addressing social and economic issues is key to improving living conditions and enabling the population to engage in political life during the country's transition. The lifting of American, European and Japanese sanctions is a positive step toward strengthening Syria's economy. However, many obstacles and structural problems continue to pose significant challenges.

Furthermore, the economic decisions of the new authorities are further impoverishing large segments of the population and deepening underdevelopment in productive sectors. The authorities cannot limit their discussions to businessmen and foreign actors. The transition process must be widened democratically to include trade unions, political parties, feminist organisations, peasant and professional associations, and other local actors. Revitalizing these organisations, through free elections that engage their constituencies and by mobilising the national labour force, should be a priority.

Any successor to Bashar al-Assad would have faced enormous political and socio-economic challenges. However, the political and economic predispositions of the new HTS-led rule make it even more difficult to establish the foundations for a sustainable recovery and reconstruction process.

More broadly, Syria's unstable political environment is hardly an incentive for attracting large and long-term FDI or the active involvement of the business diaspora. In this context, the contin-

ued international legitimisation of the new HTS-led rule risks not only consolidating its control - characterised by the concentration of political and economic powers in HTS' hands and a lack of democratic inclusivity - but also fuelling political and sectarian tensions.

The political-economic orientation of the new government is marked by liberalisation, privatisation, austerity, subsidy cuts, and a focus on trade and financial flows - all at the expense of manufacturing and agriculture. These dynamics will only produce greater social inequality, impoverishment, the concentration of wealth in the hands of a minority, and the absence of productive development - factors that were central to the popular uprising of 2011.

In conclusion, the end of the sanctions is good news, but much more needs to be done. Syria remains far from full economic recovery and an inclusive political transition. Any future recovery requires a comprehensive and nation-wide economic policy, rather than the current strategy focused narrowly on attracting FDI - often in low-value sectors - and foreign assistance. An inclusive development process must take into account the interests of the vast majority of Syrians, not just political and economic elites. This begins with raising the purchasing power of workers and lower-income groups, strengthening essential public services such as education and health and supporting productive sectors of the economy.

6.

Recommendations

To Syrian authorities:

1. Promote an inclusive political transition that enables participation by diverse sectors of society, including in the reconstruction process. In other words, decision-making must be broadened to involve wider segments of the population and social and political actors.
2. Advance decentralisation by allowing local populations to select their own representatives.
3. Ensure free and transparent elections in trade unions, professional associations, and chambers of commerce and industry so they can choose their own representatives.
4. Strengthen the role of civil society actors in the political transition and ensure their participation in economic discussions and decision-making.
5. Establish a comprehensive transitional justice mechanism and accountability process for crimes and abuses committed against civilians. Transitional justice should also include a social and economic dimension such as recovering state assets and holding accountable those responsible for serious economic and financial crimes, including the privatisation of public assets and the allocation of public land to Assad-linked businessmen at the expense of the state and national interests.
6. Support and protect micro, small, and medium enterprises (MSMEs), particularly in manufacturing and agriculture. This includes support through subvention on electricity and oil derivatives promoting solar energy and ecological alternatives to mitigate electricity shortages; expanding access to finance; improving trade opportunities to counter restricted market access, and facilitation of import of essential raw materials to reduce production costs.
7. Encourage foreign investment that serves Syria's national interests, the common good and the productive sectors of the economy, especially agriculture and manufacturing.
8. Enhance transparency in decision-making and in the contracting of national and foreign private companies.
9. Pursue fiscal reform by introducing a progressive taxation system on individuals and companies, strengthening tax compliance, and broadening the tax base. Fiscal reform should enable the state to undertake social reforms that reduce inequality, such as universal health coverage and targeted investment in productive sectors. Authorities should also address the informal economy and tackle tax evasion.
10. Promote an audit of the national debt (both internal and external). The regime change does not negate Syria's legal responsibility for this debt. While Iran and Russia may claim repayment, such demands should be postponed until a full audit is conducted. A significant

share of the debt was used to sustain the Assad regime militarily and economically, raising concerns about its legitimacy. If confirmed, much of the debt could be classified as odious - incurred against the interests of the population, with creditors such as Iran or Russia fully aware of this fact.

11. Conduct an audit of public expenditure and state functions to evaluate the effectiveness, transparency, and accountability of institutions in managing expenses. This should cover the number of employees, the accuracy of financial records in ministries and state-owned enterprises, the socio-economic impact of these entities, and the cost and effectiveness of subsidies. The audit should be conducted by an independent consortium comprising government representatives, public employees, a reputable international audit firm, and independent Syrian experts. This process is essential to:

- Protect the rights of public workers by establishing clear, legal, and specific criteria for lay-offs or suspensions of so-called “ghost employees,” in contrast to the current seemingly arbitrary approach.
- Avoid social unrest, economic inequality and popular dissatisfaction by suspending austerity measures until the audit is completed, and reconsidering them only if justified by fair and transparent evidence.

To EU actors and donors:

- Promote the above recommendations to the government, ministries and state institutions
- Maintain - and where possible increase - funding for humanitarian assistance in Syria, particularly by supporting developmental projects
- Strengthen the role of civil society and ensure its participation in decision-making processes with the ruling authorities.

→ Support initiatives and provide funding for MSMEs and the agricultural sector in Syria. Assistance can include solar energy and other ecological alternatives to reduce electricity shortages; access to financial loans; capacity-building initiatives; and other forms of assistance to enhance productive capacities.

→ Sanction individuals and security institutions involved in human rights violations.

→ Facilitate the regularisation of Syrian refugees in Europe to ease travel to Syria and enable their participation in the country's political and economic recovery.

7.

Annex

Selected Memoranda of Understanding

(MoU) Concluded Since May 2025

- May 2025: A 30-year MoU between the French shipping and logistics group CMA CGM (Compagnie maritime d'affrètement - Compagnie générale maritime) and Damascus to develop the Latakia port, including a new berth and \$260 million in investment. CMA CGM, active in Latakia since 2009, will receive 40% of revenues, while the government will take 60%.¹
- May 2025 - MoU between Damascus and DP World (Dubai Port World, subsidiary of Dubai World, UAE), worth \$800 million to develop Tartous port, including industrial and free trade zones.²
- May 2025 - MoU with a consortium led by the Qatar-based company UCC Concession Investments (chaired by Syrian-Qatari entrepreneur Moutaz al-Khayyat, with his brother, Ramez Al-Khayyat, as president and CEO), to invest up to \$7 billion in the energy sector. According to the Minister of Energy, the agreement includes the development of four gas turbine power stations operating on a combined cycle in the areas of Deir Ezzor, Mhardeh and Zeyzoun in rural Hama, and Trifawi in rural Homs with a combined capacity of about 4,000 megawatts, plus a 1,000 MW solar station in Wadi al-Rabi, southern Syria. Construction is expected to finish within three years for gas plants and under two years for the solar plant.³
- May 2025 - MoU between the General Authority for Land and Maritime Ports and Chinese company Fidi for a 20-year investment in free zones. Fidi will operate the Hessia free zone in Homs (850,000 sqm, or 210 acres) as an industrial hub and invest in 300,000 sqm of the Adra free zone near Damascus for commercial and service products.⁴
- June 2025 - Reactivation of a 2023 MoU (initially signed under the former regime) between the General Establishment for Road Transport and French company Matière to rehabilitate over 30 damaged bridges.⁵
- June 2025 - MoU between the Ministry of Information and al-Maha International Art Production Company (value \$1.5 billion) to establish the Damascus Gate City for Media and Art

¹ Trade Winds News, "CMA CGM signs 30-year deal to invest \$260m in Syrian port of Latakia," May 2, 2025 https://www.tradewindsnews.com/ports/cma-cgm-signs-30-year-deal-to-invest-260m-in-syrian-port-of-latakia/2-1-1814001?zephrr_sso_ott=cJJAhs

² Reuters, "Syria and DP World ink \$800 million deal for port development," May 16, 2025 <https://www.reuters.com/world/middle-east/syria-dp-world-ink-800-million-deal-port-development-2025-05-16/>

³ Riham alKousaa, "Syria signs \$7 billion power deal with Qatar's UCC Holding-led consortium," May 29, 2025, <https://www.reuters.com/business/energy/syria-signs-7-billion-power-deal-with-qatars-ucc-holding-led-consortium-2025-05-29/>

⁴ AFP, "Syria and Chinese company sign memorandum on investment," English al-Arabiya, May 23, 2025, <https://english.alarabiya.net/business/economy/2025/05/23/syria-and-chinese-company-sign-memorandum-on-investment>

⁵ SANA, "Agreement signed with French Company to rehabilitate 37 bridges in Syria," June 29, 2025, <https://sana.sy/en/?p=361891>

Production, expected to create 4,000 direct and 9,000 seasonal jobs.⁶

- June 2025 - MoU between the Public Establishment for Transmission and Distribution of Electricity (PETDE) and US-based Solar Energy 20 to construct two solar power stations with a combined capacity of 200 MW.⁷
- July 2025 - MoU between the Ministry of Tourism, Syrian International Insurance Holding Company (SIDH) and International Insurance Holding Company (IDH) (subsidiaries of Inventure Group) to implement two large-scale urban development, Damascus Gate Project and Latakia Levant Gate Project, at a total cost of \$8 billion. The MoU also includes road and infrastructure rehabilitation in several regions.⁸
- July 2025 - MoU between the Saudi Ministry of Energy and the Syrian Ministry of Energy to strengthen bilateral energy cooperation in oil and gas, petrochemicals, electricity, electrical interconnection, and renewable energy.⁹

⁶ SANA, "Under the patronage of President Al-Sharaa, a \$ 1.5 billion "Damascus Gate" Media and Art project is signed," June 30, 2025, <https://www.sana.sy/en/?p=362009>

⁷ SANA, "PEDTE signs a memorandum of understanding with Solar Energy 20," June 30, 2025. <https://sana.sy/en/?p=362085>

⁸ Al-Arabiya, "Syria plans to launch tourism projects with investments of \$8 billion" (in Arabic), July 6, 2025, <https://www.alarabiya.net/aswaq/travel-and-tourism/2025/07/06/سوريا-تخطط-لاطلاق-مشاريع-سياحية-باستثمارات-8-مليارات-دولار>

⁹ SANA, "Syria, Saudi Arabia sign a memorandum of understanding in the energy sector," July 27, 2025. <https://www.sana.sy/en/?p=366191>

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