

# **“A roadmap for a new Syria”, Op-ed in Arabian Gulf Business Insight (AGBI), 7 Jan 2025**

The opinion piece titled “[A roadmap for a new Syria](#)” was published in Arabian Gulf Business Insight (AGBI) on 7th January 2025.

A version of this article, titled “[Whither the new Syria?](#)”, was published in Afkar (managed by the Middle East Council on Global Affairs).

## **A roadmap for a new Syria**

**The challenges are daunting and the stakes are high**

History was made in Syria last month, and seismic shocks are reverberating across the region.

First, we are witnessing the final convulsion after almost 110 years of the Sykes-Picot treaty, the secret agreement between Great Britain and France in 1916 that divided the post-First World War Ottoman Empire into “spheres of influence”, the “[peace to end all peace](#)”, as the historian David Fromkin called it.

It is ironic that the modern representatives of those bygone treaty powers, Great Britain and France, have just attended a meeting with Turkey (itself the heir of the dismembered

Ottoman Empire) along with the US, Germany and Arab countries to decide on the future of Syria and a new regional map.

Second, the “Axis of Resistance”, encompassing Iranian ambitions and attempted extension of power, which has resulted in an economic and financial disaster for all the countries involved, is waning.

Third, the collapse of the Bashar Al-Assad regime ends the last vestige of socialist, controlled-economy models in the Arab world. These have failed to generate economic growth and development and have created fragile, vulnerable countries.

Fourth, the Assads’ despotic regime violently suppressed political reform at the onset of the Arab Spring. Instead, a cycle of violence and destruction was unleashed, institutions were destroyed, corruption and extremism became pervasive, and another failed state on the Mediterranean was created.

Can a new Syria emerge from the ashes of collapse? The challenges are daunting.

Over the period 2010 to 2023, Syria’s real GDP contracted by an impoverishing 84 percent across all sectors, the World Bank’s Syria Economic Monitor shows.

This was caused by the destruction of infrastructure, drought, population displacement, macroeconomic instability, collapse of investment and trade – exports fell to \$1 billion in 2023 from \$8.8 billion in 2010 – and growing international isolation.

By 2023 the Syrian pound had collapsed 300-fold in 12 years, plunging from SYP47 to the dollar in 2011 to more than SYP14,000 per greenback.

The sharp contraction of GDP during the civil war accelerated after the imposition of the Caesar Act, through which the US imposed sanctions on the Assad regime in 2019. International

sanctions and currency depreciation followed, causing inflation to surge to 115 percent in 2023.

With growing isolation and an absence of political and economic reform, Syria became increasingly dependent on Iran.

An expanding informal economy, driven by smuggling and the drug trade, primarily fenethylline, the amphetamine-like illegal stimulant better known as Captagon, generated an estimated \$10 billion annually, mostly controlled by the security services and Assad allies.

## **How to build a new Syria**

Where are the building blocks for a new Syria? An integrated transition is required.

First, a cessation of violence and restoration of security must ensure Syria's territorial integrity and guarantee political pluralism including all ethnic and religious groups. These are critical elements in a transition to democratic governance, grounded in structural political, economic and social reform.

This requires a new constitution, elections and a new government to sweep away Baath Party institutions and heal the wounds of the nation through a "truth and reconciliation" body.

Second, humanitarian aid is a priority, along with the set-up of a fund to enable the return and resettlement of the 7.2 million internally-displaced people and the more than 6 million refugees.

Third, estimates of the cost of Syria's reconstruction and redevelopment range from \$400 billion to \$600 billion. This is needed to rebuild infrastructure, given the destruction of much of Syria's health, education, water, transport and energy systems.

Syria's cities, including Aleppo, Homs, Hama, Daraya, and Deir El Zor, have been subject to [systematic urbicide](#). An international reconstruction and redevelopment package of aid and grants will be required.

Debt accumulated by the Assad regime should be written off and international sanctions removed. Syria's substantial natural resources in oil and gas, and phosphates, and the pipeline infrastructure linking Syria to the GCC can be harnessed to attract reconstruction finance.

## **Private sector**

Fourth, building a modern Syria means dismantling the control economy along with corrupt, politically controlled, state-owned enterprises and government-related entities, allowing a resurgence of the private sector.

This will require a restructuring of institutions, with reform of economic and social policies to attract domestic and foreign – including expatriate – capital.

Fifth, reconstruction and redevelopment will require the reintegration of Syria into the GCC, the Arab world and the international economy.

A new Syria will have to be rebuilt from its foundations to undo 61 years of destruction, de-development, despotic rule, endemic corruption, and misgovernment.

Failure to ensure an integrated transition encompassing the political, security, social and economic dimensions of a new Syria has the potential to destabilise the whole region. The stakes go beyond Syria.

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# **“Trump must focus on rebuilding a war-torn Middle East”, Op-ed in Arabian Gulf Business Insight (AGBI), 20 Nov 2024**

The opinion piece titled “[Trump must focus on rebuilding a war-torn Middle East](#)” was published in Arabian Gulf Business Insight (AGBI) on 20th Nov 2024.

## **Trump must focus on rebuilding a war-torn Middle East**

**It is imperative that the US addresses reconstruction in the region**

US President-elect Donald Trump has become the first Republican candidate in 20 years to win the popular vote.

His historic win hands him control of the Senate, Congress and the Republican party, along with a strongly conservative-leaning Supreme Court. How will this power be deployed?

If we take Trump’s election rhetoric literally, his “[Maganomics](#)” agenda will be top priority. Domestic policy will centre around protectionism, deregulation, deportation of irregular immigrants, tax cuts, a roll back of climate-related

commitments, and a move to oil and gas enabled “energy dominance”.

Trump has said he will impose tariffs of 20 percent across the board and 60 percent on China, along with trade restrictions. Should these tariffs be realised, GCC oil and gas, aluminium and steel exports would suffer.

Maganomics policies are also likely to stoke inflation, suppressing the Fed’s ability to lower interest rates aggressively in 2025. Higher rates will negatively constrain new borrowing and financing plans for both households and businesses.

In a context of absent social safety nets or tax credits, higher inflation will disproportionately impact low-income households, further raising inequality.

Investors should also be concerned about fiscal costs. US public debt already exceeds 120 percent of GDP, and the Penn Wharton Budget Model estimates that Trump’s plans will raise US deficits by \$5.8 trillion over the next decade – equivalent to wartime deficits in a full employment scenario. Beware, the US is overheating!

Trump has a unique opportunity to work towards ending the Israel-Gaza and Lebanon conflicts

The bottom line is that Trump’s America First policies set the stage for global supply-chain disruptions and trade tensions with China, Mexico, Canada, and the EU.

These policies will also put pressure on Nato members to boost defence spending. Without a shift away from these stances, the global economy is vulnerable to further geo-economic fragmentation.

## **A Trump Ukraine plan?**

Three major geo-economic-strategic issues face the Trump

administration post-election: the Russia-Ukraine and Israel-Palestine-Lebanon wars, as well as growing tensions with China.

Trump's geostrategic "peace through strength" stance and unwillingness to engage the US in wars, implies striking a deal with Russia and a rapid end to the costly military confrontation through a neutral, non-Nato, Ukraine.

The next step is reconstruction. Post-war restoration will require massive funding, likely to be well in excess of \$600 billion. How can this be financed?

In one scenario, a "Trump Ukraine plan" could be jointly EU-US financed, focused on rebuilding infrastructure and renewed integration of Ukraine's export-oriented manufacturing and agriculture sectors into Europe. Such a strategy, supported by foreign aid, would act as a driver of economic growth.

## **New institutions for stability**

With increased influence, Trump has a unique opportunity to work towards ending the Israel-Gaza and Lebanon conflicts as part of a broader Middle East peace agreement. This approach could champion the potential economic benefits that peace and stability would bring to the MENA region and the global economy.

The starting point would be the reconstruction and re-development of Gaza. The UN estimated in early-2024 that it would take Gaza 15 years just to remove war rubble and 70 years to restore the country to 2022 GDP levels.

The UN estimates the region will also require the largest post-war reconstruction effort since 1945, with rebuilding cost estimates ranging up to \$80 billion.

In [Lebanon](#), escalating destruction and displacement are pushing the country toward a Gaza-like crisis, worsening

severe economic, banking and financial instability.

The 2006 war dealt Lebanon a heavy blow, with reconstruction costs surpassing \$10 billion. This time, however, costs could exceed \$25 billion, with GDP potentially shrinking by 20 to 25 percent.

Funding for reconstruction and redevelopment in Gaza and Lebanon will need to come from multilateral aid and grants.

Once a sustainable peace settlement is achieved, [GCC countries can play](#) a major role in redevelopment, not only in terms of state reconstruction funding but in the mobilisation of its private sectors to help rebuild war-torn nations.

It's essential to learn from past reconstruction failures, like those of Iraq and Afghanistan, and apply lessons from previous post-war efforts. Transparency, accountability, anti-corruption measures, and the understanding that nation-building is a long-term commitment are all critical for success.

If Trump is to bring stability to the region, it is imperative that he address the rebuilding of nations that have been ravaged by war. The road ahead will not be easy.

Post the Lebanese civil war, it took 20 years for real GDP to recover to pre-war levels. It took Kuwait seven long years to recover following the Gulf War.

We need new institutions to address nation building. A Trump administration, in partnership with the GCC and multilateral banks, would do well to set up a Middle East development bank.

Such an institution can focus on financing post-conflict reconstruction, regional infrastructure projects, and promote the development and integration of economic and financial sectors across the region.



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# Dr. Nasser Saidi's interview with Kulluna Irada on Lebanon's "Economy in times of war", Nov 2024

In a series of videos, Dr. Saidi speaks to Kulluna Irada about Lebanon's "Economy in times of war".

The 3-part series covers:

1. What is the economic impact of this #war compared to 2006?

Dr. Nasser Saidi estimates overall reconstruction costs at \$25 billion, in a much less favourable domestic and international context than in 2006.

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[pic.twitter.com/Fq393DIkVP](https://pic.twitter.com/Fq393DIkVP)

– Kulluna Irada (@KullunaIrada) [November 7, 2024](#)

2. What are the immediate priorities for Lebanon?

Economist and former Minister Nasser Saidi calls for urgent action: securing humanitarian aid, ensuring it reaches the most vulnerable, and specifically children, maintaining Lebanon's global connections, and the need for a new political authority.

[pic.twitter.com/t10P3QIwDY](https://pic.twitter.com/t10P3QIwDY)

– Kulluna Irada (@KullunaIrada) [November 13, 2024](#)

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# **Panelist at the IMF Regional Economic Outlook Middle East & Central Asia Report Launch in Dubai, 31 Oct 2024**

Dr. Nasser Saidi participated in the panel discussion during the launch of the IMF Regional Economic Outlook (REO) report held in Dubai on Oct 31st, 2024.

Amid high uncertainty and the threat of intensifying conflicts, how can the countries of the Middle East and North Africa safeguard macroeconomic stability? What risks and vulnerabilities lie ahead? Which policies can help countries navigate this uncertain economic landscape while strengthening medium-term growth prospects?

The insightful discussion titled “Growth Challenges and Opportunities in the MENA Region Amid Uncertainty” delves into these critical issues highlighted in the IMF’s Regional Economic Outlook: Middle East and Central Asia issued in Oct 2024.

**Watch the discussion – the video titled Press Briefing: Middle East & Central Asia, October 2024 (Dubai) – via:**  
<https://www.imf.org/en/Videos/view?vid=6364122084112>

Comments from the discussion appeared in an article on AGBI

titled "[Middle East, not the West, should lead rebuilding, say experts](#)": Dr. Saidi's comments are highlighted below.

*Economist Nasser Saidi, founder of Nasser Saidi and Associates and AGBI columnist, said the cost to rebuild countries in the region impacted by conflict in recent years – including Iraq, Syria, Lebanon, Jordan, Egypt, Sudan, Libya and others – could be as much as \$2.5 trillion.*

*"The private sector will not invest until they see stability and a political strategy," he said.*

*He suggested forming an organisation called the Arab Bank for Reconstruction and Development to unite the countries in the region in helping rebuilding efforts.*

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## **"A roadmap for Lebanon: how to prevent it from becoming another Gaza", an extended version of the Op-ed in Arabian Gulf Business Insight (AGBI), 9 Oct 2024**

The below opinion piece is an extended version of the opinion piece titled "[Lebanon conflict will only exacerbate existing economic crisis](#)" that was published in the Arabian Gulf

# A roadmap for Lebanon: how to prevent it from becoming another Gaza

**The country is battling core infrastructure damage, collapsed business activity and decimated tourism**

A major humanitarian crisis is unfolding in Lebanon. Israel's ongoing vast, destructive violence unleashed on Lebanon has exacted a heavy human toll with over 2,300 killed [\[1\]](#), 10,000 wounded, destroyed core infrastructure including public utilities, water, sanitation, power and roads and degraded the public health system. Much of Beirut's Dahieh and South Lebanon stands in ruin. More than 1.2mn persons are forcibly displaced – roughly 20% of the population – in a country that is not equipped to handle a major humanitarian crisis; already bearing the burden of hosting the largest number of refugees per capita globally (including an estimated 200,000-250,000 Palestinian refugees). The humanitarian logistical and operational challenges are compounded by a near absence of financial resources. Massive scale of strikes (3,000 over two days) [\[2\]](#), the use of 2000-pound bombs, evacuation orders in the middle of the night, attacks on health facilities and hospitals – all indicate that Israel is following the same playbook of Gaza in the new killing fields of Lebanon.

In addition to the traditional weapons used like bombs and missiles, Israel has introduced a new type of warfare, adding a new layer of complexity and distrust. The detonation of

handheld pagers and walkie-talkies in Lebanon ushers in a new class of warfare: the weaponisation of electronic communications. The deployment of AI-based tools creates a new class of warfare, including the use of Machine Learning to inform targeting decisions and an evacuation monitoring tool among others [3]. This opens a Pandora's box threatening trust in digital tools and the digital world from telecommunications to electric vehicles, personal computers and digital networks. Already, international flights are banning pagers and walkie talkies, which could theoretically be extended to any electronic device (be it phones or laptops).

The deaths and destruction heave an additional burden to Lebanon's existing misery and socio-economic-political-environmental polycrisis. October 2024 marks five years since the onset of Lebanon's financial crisis, the deepest in global financial history. The absence of a head of state for two years, and effective functioning and unified government has led to inaction. The banking sector's collapse wiped out lifetime savings for most Lebanese. and the epicentre of the problem; the failure to undertake structural reforms, restructure the banking system and the public sector, combined with the absence of a social safety net inflicted severe socio-economic costs with poverty levels exceeding 50% of the population [4]. The country was already reeling from a sharp and disorderly devaluation (98%) of the national currency, hyperinflationary conditions, a collapse in public finances, a massive brain drain, and a collapse of GDP from US\$ 54.9bn in 2018 to US\$ 17.9bn in 2023 and falling further in 2024.

The war will only exacerbate the existing crisis: we are witnessing increasing population displacement alongside lower consumption, a collapse of business activity and tourism in the country. War could result in an interruption of schooling adding to the long-term scarring effects and of remittances (increasingly in cash), a major source of income for the impoverished population (remittances represent some

30% of GDP). Should the war deepen and extend for longer, GDP could contract by up to 25%, with a sharp decline in foreign trade, wider budget deficits, along with massive emigration, while inflation would accelerate, and the already-battered pound would become unsustainable with an expansion of the US\$ based cash economy.

In the 12 months of the war on Gaza, more than 80% of civilian infrastructure and more than 70% of civilian homes have been destroyed or severely damaged. Another Gaza scenario on Lebanese grounds, "Lebaza", with massive destruction of civilian infrastructure would result in an immense reconstruction effort and cost for a country that has neither the resources nor the ability to reconstruct. The war in 2006, which had a devastating impact on Lebanon, saw reconstruction costs exceed US\$ 10bn. Promised international funding under Paris II, was only partial: the pre-condition rollout of structural reforms was not undertaken.

### **What should be the priorities for Lebanon?**

Firstly, mobilisation of humanitarian aid. The UN and the caretaker government launched a Flash Appeal for US\$425. Mn. The GCC has affirmed support (with the UAE leading with US\$100 Mn) and multilateral humanitarian aid has started flowing.

The needs of the displaced must be addressed, compounded by approaching winter. Food, shelter, medical, protection and schooling must be prioritised to avoid long-term scarring effects from a loss in school years even if a ceasefire were to be announced immediately.

Secondly, international access needs to be maintained through ports, airport and international roads to Syria and hinterland. In the 2006 war, Israel bombed Beirut airport's runways, forcing a complete shutdown until the 33-day war ended. This should not be repeated – there have been reports of multiple explosions near the airport. Road access is

critical to ensure trade and mobility (including movement of displaced persons to safer areas).

Thirdly, it is urgent to elect a new President and form a new, empowered national emergency government, capable of building unity and gaining domestic and international confidence to address Lebanon's devastation, reach a ceasefire and plan reconstruction, the cost of which given the growing scale of destruction is likely to exceed US\$25billion.

[1] Source: Lebanon's Ministry of Public Health.

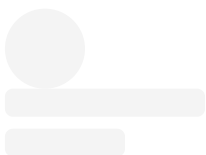
[2] The Israeli military carried out 3000 strikes in Lebanon on Sep 24-25, the deadliest since the 2006 war; to compare, US carried out less than 3000 strikes a year, excluding the first year of attack, in the 20-year US-Afghanistan war

[3]

<https://www.hrw.org/news/2024/09/10/gaza-israeli-militarys-digital-tools-risk-civilian-harm>

[4] Lebanon poverty and equity assessment

<https://www.worldbank.org/en/country/lebanon/publication/lebanon-poverty-and-equity-assessment-2024>



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# Comments on the impact of UAE being removed from the FATF grey list in The National, 24 Feb 2024

Dr. Nasser Saidi's comments appeared in an article in The National titled "[UAE's removal from Financial Action Task Force's grey list to spur investor confidence](#)" published on 24th February 2024.

The comments are posted below.

*The immediate benefit would be an improvement in investors' trust and confidence in the UAE, leading to an increase in more sustainable capital, foreign direct investment and portfolio flows, according to Nasser Saidi, head of consultancy Nasser Saidi and Associates.*

*This move will also support the expansion of both the domestic banking and financial sectors as well as the international financial free zones, as wealthy global investors and foreign businesses become more comfortable investing in the UAE, given its adoption of international laws and conventions, he explained.*

*Another major beneficiary will be the asset and wealth management activities of UAE-based family offices, he said.*

*"The UAE's removal from the FATF grey list is a testament to the country's political will and willingness to improve overall governance, transparency and disclosure of the banking and financial sector, address weaknesses alongside increasing its ability to deter illicit money flows [via the Executive Office for Anti-Money Laundering and Counter-Terrorism Financing], enhancing its ability to undertake financial investigations and extraditions of financial criminals among*

others," Mr Saidi added.

"However, it is important that the UAE continues on its journey in adopting and implementing international best practices and standards, continuously strengthening its financial regulatory regime, including AML/ CFT."

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## Comments on the impact of the war in Gaza on Lebanon in The National, 14 Feb 2024

Dr. Nasser Saidi's comments appeared in an article in The National titled "[Lebanon's economy reels as cost of damages from Gaza war soar](#)" published on 14th February 2024.

The comments are posted below.

*Nasser Saidi, a former economy minister and deputy governor of Lebanon's central bank, told The National that the violence has caused extensive damage to buildings, infrastructure and private property, adding up to huge losses for Lebanon's already struggling economy. More than 65,000 people have been displaced in Lebanon because of the war. Trade, tourism, hospitality as well as agriculture and aviation are some of the sectors that have been hit hard.*

*"The direct attacks in the south of Lebanon heighten uncertainty, inflict damage and destruction to an already impoverished region of the country and inevitably augment the country's burdens," Mr Saidi, who is also head of consultancy Nasser Saidi and Associates, said.*

*"Already, Lebanon's four main economic pillars, trade and*

tourism, health, education, banking and finance have been decimated by the ongoing crisis and lack of reforms. Not to mention the long-term scarring effects from the mass migration of Lebanon's human capital which will accelerate if there is an escalation or war in Lebanon."

The agriculture sector has been particularly affected by the fighting. "South Lebanon and Nabatieh are major agricultural hubs accounting for 21.5 per cent of Lebanon's cultivated areas and damage to the sector will result in loss of the means of livelihood and income," Mr Saidi said.

"Any escalation [in the conflict] to the wider nation would be disastrous for a country already reeling from political, economic, and social woes – rebuilding would likely take decades rather than years," Mr Saidi said.

**Comments made during this interview were also included in [The National's Editorial on 16th February 2024](#).**

"Disastrous", "decimated" and "impoverished" – these are just some of the words used by Nasser Saidi, a former economy minister and deputy governor of Lebanon's central bank, to describe his country's fragile state this week. In an interview with The National published on Wednesday, he outlined how Lebanon's economic problems – which the World Bank has called one of the worst global financial crises since the middle of the 19th century – were being exacerbated by the spreading violence of the Israel-Gaza war.

According to Mr Saidi, the escalation of the conflict will drive "mass migration" from Lebanon. Rebuilding would "likely take decades rather than years", he added.

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# Comments on Saudi Arabia's gold discovery in The National, Jan 7 2024

Dr. Nasser Saidi's comments appeared in an article in The National titled "[Will Saudi Arabia's recent gold discovery provide a major boost to its economy?](#)" published on 7th January 2024.

The comments are posted below.

*"The gold discovery could prove significant as the gold content of the ore is high," Nasser Saidi, a former Lebanese economy minister and vice governor of the country's central bank, told The National.*

*"Saudi Arabia can attract private sector investments in underexplored regions such as the Western Arabian Shield both in precious metals, as well as critical industrial minerals that are basic resources in global decarbonisation," Mr Saidi said. The Western Arabian Shield region also holds valuable rare earth elements, such as tantalum, for which it has a quarter of the world's reserves. It is widely used in smartphones.*

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## Comments on Lebanon & potential spillover from the

# Israel–Gaza war in The National, Oct 18 2023

Dr. Nasser Saidi's comments appeared in an article in The National titled "[Lebanon's economy could collapse completely if Israel–Gaza war spreads, warn analysts](#)" published on 18th October 2023.

The comments are posted below.

*"The economic situation and all the indicators will rapidly deteriorate as a result of the security crisis and the Hamas-Israel war which can spill over into Lebanon," Nasser Saidi, a former economy minister and vice-governor of Lebanon's central bank, told The National.*

*An escalation of the conflict into Lebanon, he said, would lead to "potential destruction of its remaining infrastructure, including ports and the airport which are the economic lifeline of the country given its high dependence on the Lebanese diaspora."*

*Lebanon "could experience complete collapse" if the fighting continued to spread, added Mr Saidi, president of Nasser Saidi and Associates.*

*"Already we have seen population displacement from the south of the country, while we are witnessing an accelerated exodus of skilled professionals."*