

# **“Syria at the crossroads: From sanctions and collapse to redevelopment and reintegration”, Oped in The National, 18 July 2025**

The article titled “[Syria at the crossroads: From sanctions and collapse to redevelopment and reintegration](#)” appeared in the print edition of The National on 18th July 2025 and is posted below.

## **Syria at the crossroads: From sanctions and collapse to redevelopment and reintegration**

***Nasser Saidi***

The pre-2011 Syrian economy, while facing structural challenges, was that of a lower-middle-income country with a functioning industrial base, a significant agricultural sector and nascent potential in tourism and services.

That reality was devastated by 14 years of war, violence and sanctions, emerging into a drug-based Captagon economy. Its gross domestic product contracted by more than 50 per cent from its pre-war peak (by 83 per cent if one uses night-time light estimates) between 2010 and 2024.

Half the pre-war population has been forcibly displaced, representing lost generations of economic output and potential. About two-thirds of the current population lives in

poverty (earning less than \$3.65 per capita a day), and more than half the population faces food insecurity.

The directly visible indicator of the devastation was the collapse of the local currency (from 47 Syrian pounds per US dollar in 2010 to 14,800 by the end of 2024), as growing budget deficits were financed by the monetary printing press and people shifted into foreign currencies to hedge against near-hyperinflation.

How Syria's economy collapsed during the civil war

	2011	2023
GDP	\$67.5 billion	\$9 billion
Annual inflation	5.8%*	140% <sup>(1)</sup> **
Syrian pound vs dollar	45-54 <sup>(2)</sup>	2,512 to 13,046 <sup>(2)</sup>
Unemployment	8.6%	13.5%
Youth unemployment	21.3%	33.5%
Oil production (barrels per day)	383,000 <sup>(3)</sup>	90,840 <sup>(3)</sup> ***

\*November 2011, \*\*December 2023, \*\*\*Total oil production of which 90% was controlled by U.S-backed Syrian Democratic Forces  
Source: World Bank (1 - Syrian Centre for Policy Research, 2 - exchangerates.org, 3 - U.S. Energy Information Administration)



\* A Flourish map

The removal of US sanctions and of Syria’s “designation as a state sponsor of terrorism” is strategically important. The decision was followed by the EU passing legislation to lift all sanctions, thereby enabling Syria’s reintegration into the international economic and financial community.

The Gulf and other Arab countries are steadily bringing Syria back into the fold, restoring long-disrupted economic and financial relations. Saudi Arabia and Qatar have settled Syria’s arrears to the World Bank, pledged to fund public sector restructuring and rebuild energy infrastructure, signed agreements for major infrastructure and power projects, and

the resumption of airline services. Iraq has reopened a main border crossing, and DP World has signed an \$800 million deal to develop Tartus Port.

Sanctions removal allowed for Syria's renewed participation in the SWIFT payment system, reactivating formal channels for international trade, remittances and financial flows, delivering a powerful antidote to the scenario of hyperinflation and a dominant illicit sector.

The removal unlocks a multistage recovery process, sequentially addressing the critical deficits in liquidity, capital and strategic infrastructure investment that currently paralyse the country.

## **Transparent reforms urgent**

However, the success of this pathway will be contingent on the implementation of credible and transparent, domestic, structural and institutional reforms.

Syria needs a comprehensive IMF programme and support from the Arab Monetary Fund and Gulf central banks (possibly through central bank swaps and trade financing lines).

The institutions of the central bank, banking supervision and AML/CFT need to be rebuilt. A new monetary and payment system has to be established.

The banking and financial sector has to be restructured, and banks recapitalised, while allowing for private banks (including foreign) to re-emerge. The Syrian pound should stay floating until macroeconomic stability has been restored, including through fiscal reform and access to international finance for trade.

Importantly, the government and central bank need to rebuild the statistical system for evidence-based policymaking; one cannot govern, reform, regulate and manage what one does not

know.

Removal of sanctions will allow transfers and remittances through formal channels from the large Syrian expatriate community, a lifeline for returning families, as well as financing reconstruction of housing and businesses.

Restoring the banking system means less reliance on the use of cash – helping to revive the formal economy as compared to the dominant informal economy, and also combating money laundering and terrorist finance associated with the production and trade of drugs. Remittances and capital inflows would allow the Central Bank of Syria to rebuild its foreign currency reserves, stabilise the forex market and restore monetary stability to control inflation.

The removal of sanctions will also lower the prohibitive risk premium associated with Syria and open the country for the much-needed foreign direct investment to stabilise the economy, and for broader reconstruction funding.

The Damascus Securities Exchange, now operational again, could evolve from a symbolic entity into another channel of financing, allowing the government and Syrian businesses to tap into local and international capital for the first time since 2009.

## **Tapping energy potential**

The country's substantial, largely unexploited, onshore and offshore oil and gas reserves could become an important source of reconstruction finance and job creation. Strategically and importantly, the removal of sanctions would allow oil and gas pipelines to be reopened, and new ones built; pre-civil war, Syria produced up to 400,000 barrels a day of crude versus between 80,000-100,000 bpd this year.

Reactivating existing wells and oil export infrastructure

could become a major source of revenue and foreign exchange, dramatically improving Syria's fiscal position and its ability to reconstruct the devastated country, and bring in international funding.

New pipelines linking oil and gas from the Gulf (notably Qatar, Kuwait and Saudi) and Iraq to the Mediterranean would provide a strategic alternative to maritime routes through the Straits of Hormuz and Red Sea.

Azerbaijan and Syria signed a preliminary agreement on July 12, pledging co-operation in the energy sector – to enable export of gas from Azerbaijan to Syria, through Turkey – and help in rebuilding Syria's energy infrastructure.

Over the medium and longer term, a new, transformative energy infrastructure and map linking the hydrocarbon-rich regions of the Gulf and Iraq to the Mediterranean coast can be developed: a major building block in stabilising and helping to redevelop Syria.

The lifting of sanctions is a critical initial step supporting Syria in emerging from a vicious cycle of destruction, economic collapse and illicit activity into a virtuous circle of reconstruction, redevelopment, regional and international reintegration.

The realisation of this road map requires a commitment from Syria to undertake essential reforms in governing, the rule of law and institutional transparency. Only then can the country hope to attract and retain the human and financial capital needed to rebuild its economy, regain investor trust, and reclaim its historic role at a vital geostrategic crossroads.

*Nasser Saidi is the president of Nasser Saidi and Associates. He was formerly Lebanon's economy minister and a vice-governor of the Central Bank of Lebanon.*

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# Comments on US trade tariffs and GCC trade ties in Energy Intelligence, Apr 2025

Dr. Nasser Saidi's comments on the US reciprocal tariffs and the GCC trade ties appeared in an article titled "[Why US Tariffs Will Not Change Gulf State Trade Ties](#)" in Energy Intelligence, published on 10th April 2025 (paywall). The comments are posted below.

*The impact on Gulf economies is also marginal because trading dynamics have changed drastically over the past three decades. For instance, the US is no longer the main trade partner of Gulf states. Asian countries, namely India, China, Japan and South Korea are the main trade partners, both in imports and exports, and increasingly as investment partners, Nasser Saidi, president of Nasser Saidi & Associates, a Dubai-based economic advisory and business consultancy, told Energy Intelligence.*

*While markets globally are likely to remain volatile as a result of the uncertainty on tariffs negotiations and investors and companies may adopt more of a wait and see approach, the effects are likely to be a temporary. "The fundamentals in the region are strong, and its diversified linkages, especially with Asia, will benefit the countries," Saidi said. This is in addition to the large labor flows that create both remittance and investment links with the labor-exporting countries.*

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investors and companies may adopt more of a wait and see approach, the effects are likely to be a temporary. "The fundamentals in the region are strong, and its diversified linkages, especially with Asia, will benefit the countries," Saidi said.

A sustained drop in oil prices will affect Gulf states that are less diversified and fiscally vulnerable due to high fiscal break-even oil prices, Saidi said, citing International Monetary Fund (IMF) data. The IMF sees fiscal break-even prices at \$90.90/bbl in Saudi Arabia, \$50 in the UAE, \$124.90 in Bahrain, \$81.80 in Kuwait, \$57.30 in Oman and \$44.70 in Qatar.

"Rising deficits could lead to a rein in of public spending and increased borrowing if project and social spending is to be maintained," Saidi said.

Still, "These are still early days as the impact of greater US protectionism unfolds, but there will be an impact on global supply chains and related investment flows," he added.

Recession fears could weaken the US dollar, which most Gulf currencies are pegged to, which would make their economies more competitive. Consequently, the optimal policy choice for Arab countries is to maintain a liberal and open trade and investment environment, Saidi said.

Gulf states are a gateway for Africa and Middle East countries as well as Southeast Asia, and they "could become even more attractive as an investment destination as countries, notably China and [others in Asia], diversify trade and investment away from the US," Saidi said.

Trump has a "transactional" nature, and when he visits the region in May, he is likely to have tariffs, non-tariff trade and investment barriers in his negotiation's toolbox, he added.

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# Comments on PetroYuan & GCC commitments to energy transition in Energy Intelligence, Nov 2024

Dr. Nasser Saidi's comments on the PetroYuan appeared in an article titled "[Oil Dollar Pricing Seen Staying, But New Payment Modes Emerging](#)" in Energy Intelligence, published on 8th November 2024. The comments are posted below.

*Nasser Saidi, president of Nasser Saidi & Associates, an economic advisory and business consultancy and founder of the Clean Energy Business Council Mena, believes alternatives are no longer pipedreams.*

*"As geo-eco-political tensions increase and global economic and trade fragmentation increases as a result of Cold War II, we will witness the growth of the PetroYuan for financing China's O&G with its major oil exporters, Saudi Arabia, the UAE and other GCC countries," he told Energy Intelligence.*

*He cited reports of Indian oil refiners making payments in rupees for purchase of crude oil from the UAE under the 'local currency settlement' system agreed upon by the two countries. More importantly than India, which is the world's third-largest oil importer, are oil exporters, including Russia, Iraq and Indonesia that have accepted the yuan as payment for crude oil shipments, Saidi said. In 2023, there were 12 major commodity contracts that were settled in non-US dollar*



currencies.

Saidi doesn't believe pricing oil in other currencies will be an immediate move and he foresees the emergence of an Asian yuan zone as China increasingly integrates Asian countries into its supply chain. However, as trade and investment sanctions are ratcheted up and the dollar is increasingly weaponized, for example by freezing of Russian US dollar and euro dominated assets, "countries will be encouraged to develop new payment mechanisms that could challenge the dominance of the dollar," he said.

This could be in the form of adopting the yuan for trade, with the PetroYuan being used both for energy and non-oil trade payments, and settlement, he added. Other options include the extension of the Cross-Border Interbank Payment System (Cips), an alternative to Swift, and arranging central bank digital currency (Cbdc) transfers that facilitate cross-border flows such as the successful collaborative effort mBridge. While the Brics bloc announced plans for Brics Bridge, a digital currency cross-border payment solution, as an alternative to the dollar, Saidi said "there is a long while before it becomes operational and/or widely used."

In a separate article titled "[Decarbonization Still in Focus Despite Mideast Geopolitics](#)", dated 13th Nov 2024, comments on GCC's energy transition efforts were mentioned. Comments are posted below.

To date, Mideast countries don't appear to have wavered from their commitments towards the energy transition, said Nasser Saidi, president of Nasser Saidi & Associates, an economic advisory and business consultancy, and founder of the Clean Energy Business Council Mena. "For now, regional geopolitics has had a limited impact on various commitments to energy transition," Saidi told Energy Intelligence. "However, should

*funds need to be diverted to increased security and military spending, there would be a delaying impact."*

*The implementation of decarbonization and energy transition strategies are inevitable for countries of the region and will buttress their diversification efforts, Saidi said. It will also help them create new export industries and products like hydrogen, attract foreign investment, and create jobs associated with the green economy and climate risk mitigation and adaptation technologies, he added.*