

“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% ⁽¹⁾ **
Syrian pound vs dollar	45-54 ⁽²⁾	2,512 to 13,046 ⁽²⁾
Unemployment	8.6%	13.5%
Youth unemployment	21.3%	33.5%
Oil production (barrels per day)	383,000 ⁽³⁾	90,840 ⁽³⁾ ***

*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.

Interview with CNBC on Lebanon's economic crisis, 15 Oct 2020

Dr. Nasser Saidi, Lebanon's Former Minister for Economy, weighs in on the country's current economic and political peril in his [interview with Hadley Gamble on CNBC's "Capital Connections" program, aired on 15th Oct 2020](#).

Comments on the Caesar Act in The National, 27 Jun 2020

Dr. Nasser Saidi's comments on the Caesar Act appeared in the article titled "[Lebanon braces for 'pain' of Caesar Act amid financial meltdown](#)" in The National's 27th June 2020 edition. The comments are posted below.

Because of the close historical ties between Lebanon and Syria, the law will make business between the two countries "more problematic and expensive" and "hurt Lebanon", said Nasser Saidi, a former vice-governor of Lebanon's central bank.

The Caesar Act provides for secondary sanctions, which significantly widens its scope, he said.

"In other words, they are imposing sanctions on Syrian entities and business people and also on the people who deal with them," Mr Saidi told The National.

Should the US decide to impose sanctions against the Syrian central bank, transactions inside the country “would be highly complicated”, said Mr Saidi.

Comments on the Lebanese Pound in Washington Post, 26 Jun 2020

Dr. Nasser Saidi's comments on Lebanon's currency appeared in the article titled [“Lebanon's currency takes a new dive, and there is no end in sight”](#) in Washington Post's 26th June 2020 edition. The comments are posted below.

In the absence of a clear policy path ahead, there is no bottom to the value of the Lebanese pound, said Nasser Saidi, a former Lebanese finance minister who is now a financial consultant based in Dubai.

Citizens have lost trust in the banking system and the country is shifting to a cash-only economy. Some retail outlets have started accepting only dollars, which are hard to find. U.S. and European sanctions against neighboring Syria have deprived that country of dollars, too, making Lebanon the chief destination for Syrians seeking to fund imports there, increasing the demand for dollars, Saidi said.

Government revenue, meanwhile, has skidded to a halt because of the shutdowns and economic retraction, forcing the Central Bank to print Lebanese pounds to fund government expenditures, including salaries for the bloated civil service.

“Those go into the market and they are chasing fewer and fewer dollars,” Saidi said. “There is no longer any anchor for the value of the Lebanese pound and we are going into the unknown.”

