“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)

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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 BBC's World Business Report on World Bank's $250mn funding to Lebanon, 26 Jun 2025

In an interview with BBC's World Business Report, Dr. Nasser Saidi discussed Lebanon's immense reconstruction and redevelopment needs following the war between Israel and Hizbollah and the devastation of infrastructure, housing, agriculture, businesses and mass population displacement, adding to more than a decade of an absence of investments in infrastructure and public utilities and services.

Key points from the discussion below:

The World Bank recently approved a USD 250mn loan to launch a broader USD 1bn recovery and reconstruction initiative called the Lebanon Emergency Assistance Project – while a positive step, the amount is a drop in the ocean compared to what is required for reconstruction & redevelopment in Lebanon. The World Bank satellite-based estimates of reconstruction requirements of about $11bn have to be complemented by in-depth field estimates. Israel's use of bunker buster bombs can have an impact destructive radius of up to 200m in urban areas.

Well-aware of the problems needed to be sorted out domestically, from economic policy and structural reforms to combating endemic corruption & the need for accountability and transparency. Reconstructing and redevelopment investments need to go in tandem with the other reforms. But it is a bit like the chicken & egg problem. If we don't have reconstruction, then poverty will grow & displacement and migration will continue, eventually leading to greater socio-economic and political instability.

I am an advocate of creating an international reconstruction fund (funding that comes mostly as grants rather than debt which cannot be sustained and serviced) to support LB with the strong backing and engagement of the GCC countries. A comprehensive package is required that includes a build up military, security assets and capability and political assistance to provide security and stability. This will be a massive support for the country that has seen a new boost in confidence with the new President Aoun, PM Salam & government – promising a strong willingness to reform, a break from the ineffective governments since the onset of crises in 2019.

Listen to the interview (Dr. Saidi joins from the 7:00 minute mark in the link below)

https://www.bbc.co.uk/sounds/play/w3ct75vh

“Economic Costs & Consequences of the War on Lebanon” Presentation to LIFE, 21 Nov 2024

Dr. Nasser Saidi shared his views on the topic “Economic Costs & Consequences of the War on Lebanon” at LIFE Lebanon‘s event held in Dubai on 21st November 2024.

The main discussion points spanned the below headings:

•Middle East is at multiple crossroads, living consequences of wars & violence
•Lebanon: in the clutches of a protracted polycrisis
•Economic consequences & costs of war on Lebanon
•Lessons & Proposals
•Key Takeaways
The presentation can be downloaded here.

Comments on the war in Gaza in Arab News, Nov 19 2023

Dr. Nasser Saidi's comments appeared in an Arab News article titled "Gaza war a threat to fragile world economy, analysts warn" published on 19th November 2023.

The comments are posted below.

"At the moment, the situation is fluid," Dr. Nasser Saidi, former Lebanese economy and trade minister and founder of Nasser Saidi & Associates, an economic and business advisory consultancy, told Arab News, adding: "The impact of the Israel-Hamas war will depend on the length and depth of the conflict as well as if it spills over into the wider region, thus drawing in other parties, resulting in international ramifications that would then have an effect on global supply chains."

In his presentation "The Middle East in a Fragmented, Multi-Polar World" at the 19th Korea Middle East Cooperation Forum in Doha from Nov. 5-8 this year, Saidi stated how "global *growth momentum has already slowed significantly this year; the war has the potential to further slow growth rates, raise already record-high public debt levels into crisis."*

"We are meeting at a very dangerous time for our part of the world," said Saidi during his presentation in Doha. "The timing of this conference is very opportune at a personal level, and I think it reflects many of us. I have known nothing but war during my own lifetime as a professional, as a minister, as a public official, as an academic. My message is it must end and maybe what is happening today in Gaza and Palestine more generally may be a moment of change. We don't know yet. We're still living the fog war."

As Saidi underlined, the Middle East is home to 60 percent of the world's refugees – the highest number in the world.

Palestinian refugees won't just stay in neighboring countries, they will be pushed to move to other regions, including Europe, he added.

"The impact of the war on oil and gas prices could be huge," said Saidi, further noting that if oil prices jump to a record $150 per barrel as the World Bank warns, "it will affect world economic growth, which has already been slowing during 2023. The more inflation affects commodity prices, the lower economic growth and the increase in debt crises for many countries because you are also having a period of high interest rates."

"Destruction and violence beget violence," added Saidi in his presentation. "There are no military solutions in Gaza."

The countries most vulnerable in the Middle East include Lebanon, Egypt, Jordan and Iran. These countries are already facing a decline in growth, have current account and fiscal deficits and a fall in international reserves. According to Saidi, the sectors that will be most impacted in these countries are tourism, hospitality, construction and real *estate, as well as capital outflows and lower foreign direct investment inflows.*

“The world is becoming increasingly fragmented,” said Saidi.

It has also experienced great economic shifts in recent years – shifts that see the global economy looking eastward rather than westward.

In 1993, the G7 countries produced close to 50 percent of the world’s gross domestic product. Today, that group accounts for 30 percent, while Asia, in particular China, produces close to 20 percent.

“The implications for this part of the world are very clear,” said Saidi. “Our economic relations, politics, defense and other ties have always been with the West, but economic geography dictates that we need to shift those relations towards Asia.”

Saidi argued in his presentation that one way to solve some of the dire economic prospects facing the Middle East, especially with the war in Gaza, is the creation of a regional development bank. The focus now needs to be on “post-war stabilization, reconstruction, recovery and a return to pre-war economic legacy.”

“The GCC (Gulf Cooperation Council) have got to be the main engine for economic stability across the Middle East because they’re capable of doing that,” said Saidi. “In order to do so, we must reinvigorate the GCC common market and the GCC customs union. We need trade agreements as a block for the GCC countries. Secondly, we need to establish an Arab bank for reconstruction and development.”

“We are the only region in the world without a development bank,” said Saidi.

When asked why the Middle East needs a development bank, Saidi *said: "Because many of our countries have been destroyed."*

"We need to help rebuild them. The cost is easily $1.4 to $1.6 trillion, and the list of countries is increasing. We now have Gaza and Palestine added to them."

This, he said, could be one area for cooperation between the Middle East and Asia.

"The big tectonic shift is moving towards Asia," added Saidi. "All our trade agreements are with Europe and the United States. That must change. We must shift."