What Does the Lifting of U.S. Sanctions Mean for Syria?

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The United States started putting sanctions on Syria as early as 1979, mostly because Syria was labelled as a State Sponsor of Terrorism (SST). The first designation was based on Syria's military occupation of Lebanon and its support for groups like Hezbollah that the government paid for. This early policy took a harsh and threatening stance against a government that was seen as hostile and supportive of non-state actors that were seen as a threat to U.S. interests.

After the Syrian conflict started in 2011, the U.S. greatly increased its sanctions against the Assad government. The goal of these more extensive measures was to stop the Syrian government from using violence against its people and to encourage political changes that could get to the bottom of the conflict. This was a big change from only focussing on counter-terrorism to a wider agenda that included human rights and changing the behaviour of the regime, with some elements of coercive diplomacy.

The end of Bashar al-Assad's rule in early December 2024 marks a major change in Syria's politics. This event changed the main goal of the long-standing U.S. sanctions, which were mostly aimed at the now-deposed government.

In May 2025, during a trip to Saudi Arabia, U.S. President Donald Trump made a big announcement: he would lift sanctions on Syria. He said this would "give them a chance at greatness." Many people see this announcement as a "historic development" that has "major potential to improve living conditions" and "support the Syrian political transition." The goal is to make the area more stable and improve Syria's economic prospects after years of being held back by harsh international sanctions. This paper looks at the United States' sanctions against Syria in depth, putting the recent change in policy in the context of its history and the law.

Overview of Sanctions in Place Before May 2025

U.S. sanctions on Syria date back over four decades. In 1979, Syria was designated a SST, triggering bans on U.S. aid and strict export control.[1] Over the years, additional sanctions accumulated under multiple authorities. Key measures included the 2003 Syria Accountability Act (signed by President Bush), which cited Syria's support for Hezbollah and other terror groups, presence in Lebanon, Weapon of mass destruction (WMD) programs, and oil smuggling – this law banned most exports to Syria (except food and medicine) and prohibited Syrian aircraft and products from U.S. markets. Starting in 2011, as Bashar al-Assad's regime violently cracked down on protests, the Obama administration led an international sanctions campaign with a series of Executive Orders in 2011–2012 (under the International Emergency Economic Powers Act) which froze the assets of Syrian government and officials, banned U.S. investment and petroleum trade with Syria, and blacklisted those complicit in human rights abuses. By 2019, the U.S. tightened the vice further with sweeping new legislation.[2]

Caesar Syria Civilian Protection Act (2019)

Known as the Caesar Act, this law (enacted December 2019) imposed the most wide-ranging U.S. sanctions on Syria to date. It mandates sanctions on the Syrian government, military and intelligence sectors, and any foreign individuals or companies that materially support them. In effect from June 2020, the Caesar Act created secondary sanctions: for example, non-U.S. entities risked U.S. penalties if they provided "significant" financial or technological support to the Assad regime (e.g., in Syria's energy or construction sectors).[3]

The Act specifically required sanctions on Syria's Central Bank (CBoS) by treating it as a money-laundering concern, leading the Treasury Department's Office of Foreign Assets Control (OFAC) to add the CBoS to the Specially Designated Nationals (SDN) list in 2020. The Caesar Act's provisions were so expansive that, as one analyst put it, "an entire building of a complex gamut of sanctions" was constructed around Syria. (Notably, the law did include waiver clauses for the president to suspend sanctions on national security grounds, as discussed below.) These measures came on top of long-standing targeted sanctions.[4]

Sectoral Sanctions

By early 2025, U.S. sanctions broadly targeted major sectors of Syria's economy. The energy sector was under strict embargo – since Executive Order 13582 (August 2011), U.S. persons have been prohibited from importing Syrian petroleum or investing in Syria's oil industry, and foreign companies faced Caesar Act penalties for aiding Syrian oil production. Similarly, Syria's defence and aviation sectors were sanctioned; for example, Syrian state airlines and military firms have been blocked for years under various executive orders. The financial sector was largely cut off: Syrian banks (including the central bank and large state-owned banks) were blacklisted under terrorism, human rights, and WMD authorities.

U.S. regulations prohibited nearly all services and transactions with Syrian financial institutions, effectively severing Syria from the global dollar system. Even non-U.S. banks risked secondary sanctions for dealing with Syrian sanctioned entities. In practice, these sectoral sanctions "severed the country from the global financial system" during Assad's rule.[5]

Other areas like trade and aviation were similarly restricted: direct flights between the U.S. and Syria were banned, and U.S. exports of most goods (especially dual-use technology and military items) were forbidden by both sanctions and export-control rules.6 Only humanitarian-related transactions (food, medicine, NGO activities) were allowed via explicit exemptions or OFAC general licenses.

Targeted Sanctions (SDNs and Designations)

Alongside broad sectoral measures, the U.S. maintained extensive targeted sanctions on individuals and entities. By 2025, hundreds of Syrian officials, businesspersons, and militias had been designated on the Treasury's SDN list.7 These include Bashar al-Assad and his family, top military and intelligence officers, oligarchs and companies linked to the regime, as well as extremist groups. Assets of designated persons are frozen, and U.S. persons (and often foreigners) are banned from dealing with them. The U.S. also leveraged terrorism authorities (e.g., Executive Order 13224) to blacklist groups like al-Qaida affiliates in Syria. In fact, some opposition groups had also been sanctioned over the course of the conflict (for example, Tahrir al-Sham was designated as a Foreign Terrorist Organisation). This meant even members of the new post-Assad interim government, such as President Ahmed al-Sharaa, had past terrorism-linked sanctions that needed addressing.8 Additionally, export controls administered by the Commerce Department complement OFAC sanctions – Syria has been subject to strict controls under the EAR and ITAR, making it illegal to export most high-tech goods or defence articles without a licence. Finally, Syria's long-time label as a State Sponsor of Terrorism (SST) imposed further legal bans (e.g., on arms sales and U.S. economic assistance and requiring U.S. opposition to Syria getting loans from international financial institutions). Immediately before May 2025, Syria faced a comprehensive sanctions regime: a U.S. embargo on most economic activity, targeted financial blacklisting, and legal barriers to international aid and investment.

Table 1: U.S. Sanctions on Syria: Evolution, Scope, and Targets (1979-2025)

Year/Period	Legal Basis/Act/ Executive Order (EO)	Primary Objective/ Rationale	Type of Sanction	Key Prohibitions/Targets
1979	State Sponsor of Terrorism (SST) Designation	Counter-terrorism, military occupation of Lebanon, support for Hezbollah	Targeted (country-level)	Initial designation, basis for future export controls
2003	Syria Accountability and Lebanese Sovereignty Restoration Act (SAA) (P.L. 108-175)	End terrorism support, end Lebanon occupation, halt WMD/ missile programs, stop illegal Iraqi oil/military shipments	Sectoral, Targeted	Export controls (Munitions List, Commerce Control List), additional sanctions from menu options
2004	Bush Administration Measures	Target regime ties, destabilization	Targeted	Individuals and entities with close ties to Bashar al-Assad regime
April 2011	Executive Order (EO) by President Obama	Respond to human rights violations, block property of those involved	Targeted	Property of individuals involved in violations
August 2011	Executive Order 13582, Obama Administration	Prevent violence against citizens, motivate political reforms	Sectoral, Targeted	Embargo on oil sector, freezing financial assets of personalities/state, prohibition on U.S. goods/ services exports (10% U.S. value rule)
April/May 2012	Executive Orders 13606, 13608	Prevent circumvention of sanctions	Targeted	Foreign individuals/ firms trying to evade U.S. sanctions
2012	Iran Threat Reduction and Syria Human Rights Act (ITRSHRA)	Target human rights abuses	Sectoral, Targeted	Sanctions focused on former government's human rights abuses
2019 (Implemented 2022)	Caesar Syria Civilian Protection Act of 2019	Compel end to war crimes, force political transition, halt reconstruction	Sectoral, Targeted, Secondary	Heavy financial penalties on foreign entities doing business with Damascus, including Syrian officials/ businesspeople; specifically targets construction/ engineering services, energy, aviation; includes third-party entities
January 2025	General License No. 24 (OFAC)	Ease humanitarian restrictions post-Assad	Sectoral (waiver)	Limited waiver for humanitarian aid, essential services, transactions with governing institutions, energy supplies, remittances
May 2025	President Trump Announcement	Facilitate economic recovery, support political transition post-Assad	Policy shift (intent to lift)	Intention to lift all American sanctions, 180-day Caesar Act sanctions waiver planned

The U.S. sanctions regime on Syria is a highly interconnected and cumulative system. The categorization reveals distinct types of sanctions, but these are not isolated measures; they are often applied in conjunction or built upon each other. For example, the 2011 oil embargo (sectoral) was accompanied by the freezing of financial assets (targeted). The Caesar Act's introduction of "sweeping secondary sanctions" significantly amplified the reach and impact of all previous measures by extending prohibitions to "third-party entities engaged in business in Syria". This created a pervasive economic pressure cooker, affecting everything from oil revenues to basic financial transactions and reconstruction efforts. The blocking of the Central Bank of Syria and Syria's exclusion from the SWIFT system are not merely sectoral financial sanctions; they created a systemic barrier that affected all sectors and individuals attempting to engage in legitimate international commerce. Understanding this cumulative nature is essential to grasp the full extent of the economic pressure exerted and the scale of the challenge in lifting them.

Mechanisms for Lifting U.S. Sanctions on Syria

The process of lifting or waiving U.S. sanctions on Syria is complex, involving various legal and political authorities. Understanding who can lift sanctions requires distinguishing between presidential discretion, congressional authorization, and specific departmental designations.

Congressional Authorization (Statutory Sanctions)

When Congress passes laws that impose sanctions on Syria, they usually include a waiver or termination section that lets the president stop or end the sanctions required by that act. But in most cases, Congress must give permission for these kinds of statutory sanctions to be fully repealed.

The Syria Accountability and Lebanese Sovereignty Restoration Act of 2003 (SAA)

If it is in the best interest of U.S. national security, the president can waive some of the SAA's requirements for one or more six-month periods. However, Congress must receive a report explaining why this is necessary. The president must tell Congress that the Government of Syria has met a number of strict conditions in order for the SAA's requirements to be fully lifted.

These conditions include: stopping support for terrorism and not letting terrorist groups keep facilities; ending its occupation of Lebanon; stopping the development of WMD and ballistic missiles with credible assurances and international verification; stopping support for terrorist activities in Iraq; respecting Lebanese sovereignty; and making significant progress in peace talks with Israel and Lebanon. The U.S. Government's definition of the "Government of Syria" and the fact that Hay'at Tahrir al-Sham (HTS) is a terrorist group make this process more difficult.

Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRSHRA)

This act provides a national security interest waiver and a suspension authority based on government transition. Broad termination requires presidential certification of several conditions: The government is democratically elected or legitimately transitional; all political prisoners are released and other abuses have ceased; terrorists do not maintain facilities in government-controlled areas; and WMD programs have been terminated. Similar to the SAA, the HTS terrorist designation and the U.S.'s ambiguous recognition of a Syrian government add complexity to this process.

Caesar Syria Civilian Protection Act of 2019

The Caesar Act includes waiver authorities for national security interest and humanitarian need. The Trump administration plans to announce a 180-day Caesar Act sanctions waiver. This executive waiver, however, would be subject to renewal every 180 days, a temporary nature that could "dent investor confidence". Broad suspension for renewable 180-day periods requires a presidential determination that conditions related to civilian protection, humanitarian access, safe return of displaced populations, and war crimes accountability are met. Crucially, repealing the Caesar Act entirely will require congressional authorization, a process described as "complicated and time-consuming" in Washington. U.S. Secretary of State indicated that while they would like to see the law repealed if sufficient progress is made, it is "premature" at this stage.

Presidential Authority (Discretionary Sanctions)

A large portion of Syria sanctions stem from Executive Orders (E.O.) issued by presidents (especially E.O. 13572, 13573, 13582, 13606, 13894, etc.). These are under the president's direct authority. Accordingly, the president can rescind or modify any executive order sanctions by issuing a new order. For example, President Trump (in this scenario, newly re-elected) could revoke the Obama-era orders that block Syrian government assets and prohibit U.S. trade with Syria.9 In practice, the lifting of E.O.-based sanctions would likely entail the White House instructing the Treasury's OFAC to update the Syrian Sanctions Regulations and remove the prohibitions on transactions in certain sectors. Indeed, after Trump's May 2025 announcement, U.S. officials indicated the Treasury would issue general licenses to authorise broad economic activity in Syria as an interim step.

OFAC serves as the primary governmental department responsible for enforcing U.S. sanctions. OFAC possesses the authority to modify existing sanctions, substantially or in part, through the issuance of General Licenses (GLs) or Specific Licenses (SLs). GLs authorize categories of activities that were otherwise prohibited for U.S. persons without the need for individual applications, while SLs allow specific legal activities. For instance, General License No. 24, issued by OFAC in January 2025, is a six-month sanctions waiver designed to ease restrictions on humanitarian aid and essential services in Syria, introducing "limited flexibility" to U.S. sanctions policy after the fall of Assad.

This process is executive-driven: ultimately the president and his cabinet (treasury/state) decide which designations to lift, and OFAC executes those changes in the sanctions lists and regulations. In summary, the President has authority to lift all sanctions imposed by Executive Order, and by extension, OFAC will implement those changes (delisting SDNs, amending regulations) in coordination with the State Department.

State Department Designations

State Sponsor of Terrorism (SST) Designation

Designation as a State Sponsor of Terrorism (SST): The president must send a report to Congress at least 45 days before the proposed recession in order for Syria to lose its SST designation. This report must confirm that: (i) the government in question has not supported acts of international terrorism in the past six months; and (ii) the government in question has promised that it will not do so in the future. Another important factor is a "fundamental change in government leadership." To take away this designation, the government needs to deal with the facts on the ground in Syria. If Syria were no longer on the list of countries that support terrorism in the Export Administration Regulations (EAR), there would probably be changes to the rules.

Foreign Terrorist Organization (FTO) Designation (e.g., Hay'at Tahrir al-Sham - HTS)

The State Department calls groups like HTS an FTO, which means that it is against the law to knowingly give them material support. Since Assad fell, HTS has been in charge of running Syria. Section 219 of the Immigration and Nationality Act lets the Secretary of State take away this designation if they find that the reasons for it have changed or that U.S. national security requires it. Under Executive Order 13224, HTS is also a Specially Designated Global Terrorist (SDGT), which means that the United Nations and other U.S. partners can punish it. So, to take HTS off the list of SDGTs, more steps and coordination between countries would be needed. Even though General Licence 24 allows you to work with the interim government, it is still illegal to work with an FTO.

Inter-agency Coordination and International Considerations

Different government departments are in charge of enforcing sanctions, but the Office of Foreign Assets Control (OFAC) in the Treasury Department is the most important one. The Bureau of Industry and Security (BIS) at the Commerce Department can change export restrictions, and the State Department is very important when it comes to FTO and SST designations. The US and its allies could lift sanctions in a way that makes it easier for humanitarian aid, rebuilding, and investment in Syria, while also considering diplomatic and domestic concerns. The EU also said that it would lift sanctions, which shows that the world is somewhat on the same page.

The U.S. sanctions system is based on the balance between executive discretion and legislative mandate. The president has a lot of power under IEEPA, which makes it possible to quickly impose and lift some sanctions. For example, Trump's announcement in 2025 and OFAC's General License 24 show this. This gives the executive branch a lot of freedom to quickly respond to changing foreign policy needs. On the other hand, sanctions that Congress has to put in place need stricter procedures for ending or broadly suspending them.

This often means that Congress needs to get specific certifications or the law needs to be repealed altogether. This involvement by Congress is an important check on executive power. It makes sure that big changes in foreign policy are in line with the country's broader goals for human rights and national interests as set out in law. The planned "180-day Caesar Act sanctions waiver" is an example of this tension: the president can give temporary relief, but the need for repeated renewals and the ultimate need for Congress to repeal the law create uncertainty that could "dent investor confidence."

These dynamic changes show how complicated and tense the U.S. sanctions system is, since it allows for both executive responsiveness and legislative oversight. But it also makes things much harder legally and could lead to policy fragmentation, especially if a new administration wants to change or reverse sanctions that were put in place by previous laws. To be able to guess how fast and how complete sanctions relief will be, you need to understand how these things work together.[10]

Table 2: Authorities and Mechanisms for Lifting U.S. Sanctions on Syria

Sanction Type/ Legal Basis	Primary Authority for Lifting/Waiving	Mechanism/Process	Key Conditions for Lifting
State Sponsor of Terrorism (SST) Designation	President (with Congressional notification)	Report to Congress (45 days prior) certifying: no terrorism support for 6 months, assurances of future non-support; fundamental change in government leadership.	No terrorism support, fundamental government change.
Syria Accountability and Lebanese Sovereignty Restoration Act (SAA) of 2003	President (waiver with Congress report); Congress (full repeal)	Waiver: Presidential determination of national security interest (6-month renewable). Termination: Presidential certification to Congress of: end of terrorism support/ facilities, end of Lebanon occupation, cessation of WMD/missile programs (with verification), end of Iraq terrorist support, respect for Lebanese sovereignty, substantial progress in Israel-Syria/Lebanon peace talks.	No terrorism support, no WMD, end of Lebanon occupation, respect for sovereignty, peace process.
Syria Accountability and Lebanese Sovereignty Restoration Act (SAA) of 2003	President (waiver with Congress report); Congress (full repeal)	Waiver: Presidential determination of national security interest (6-month renewable). Termination: Presidential certification to Congress of: end of terrorism support/ facilities, end of Lebanon occupation, cessation of WMD/missile programs (with verification), end of Iraq terrorist support, respect for Lebanese sovereignty, substantial progress in Israel-Syria/Lebanon peace talks.	No terrorism support, no WMD, end of Lebanon occupation, respect for sovereignty, peace process.
Caesar Syria Civilian Protection Act of 2019	President (waiver/ suspension); Congress (full repeal)	Waiver: National security or humanitarian need. Suspension: Presidential determination for renewable 180-day periods based on: civilian protection, humanitarian access, safe return of displaced, war crimes accountability. Repeal: Congressional authorization.	Civilian protection, humanitarian access, safe return of displaced, war crimes accountability.
IEEPA-based Executive Orders (e.g., EO 13582)	President	Issuance of new executive order terminating national emergencies.	Presidential discretion based on policy objectives.
Foreign Terrorist Organization (FTO)/Specially Designated Global Terrorist (SDGT) Designations (e.g., HTS)	Secretary of State (FTO); President (SDGT)	FTO Revocation: Secretary of State finding that circumstances changed or national security warrants. SDGT Delisting: Presidential authority. Requires additional international coordination if UN-sanctioned.	Changed circumstances, national security considerations.

All these steps were set in motion after Trump's announcement, with Treasury, State, and the NSC "scrambling to understand how to unwind the sanctions" and prepare the necessary legal authorisations.11 Rubio emphasised that while initial relief comes via waivers and licences, the goal is to eventually "go to Congress and ask them to permanently remove the sanctions" once confidence is built that they won't need to be snapped back.

Economic Impact of Lifting Sanctions (2026–2030)

We expect Syria's economy to be greatly affected starting January 2026, when the sanctions will be lifted in mid-2025. The analysis below looks at key indicators and compares a baseline scenario (continuation of sanctions and trends from before 2025) with a sanctions-lift scenario.[12]

In the baseline, Syria's economy was basically stagnant and cut off from the rest of the world. The UNDP said that at the pre-2025 growth rate of about 1.3%, it would take more than 50 years for Syria to get back to its pre-war GDP.13 In contrast, the scenario where the sanctions are lifted assumes that the conflict will end (Assad's fall in December 2024) and that the country will re-join the global economy, which will lead to growth through rebuilding, restored trade, and renewed investor confidence.

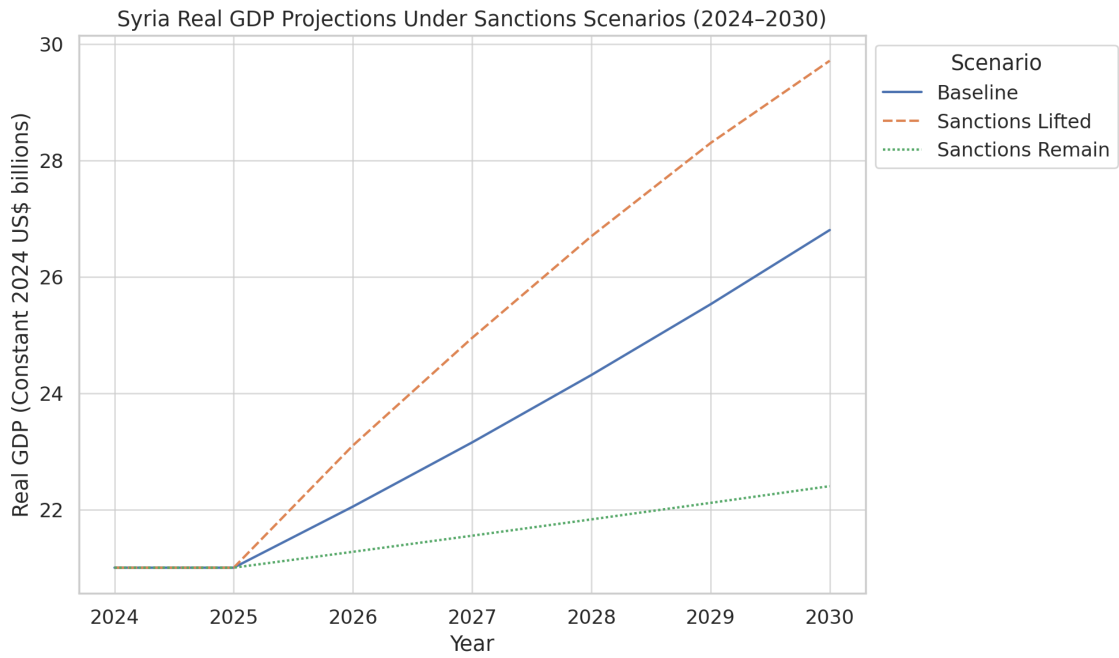
Real GDP Growth: Annual and Cumulative Effects

Baseline

During the war and sanctions period (2011–2024), Syria's GDP collapsed. By 2024, estimated GDP was only $21 billion (nominal) – roughly one-third of its 2010 size. Annual growth in the sanction's era was either negative or very low. For instance, official data show GDP halved from 2010 to 2022, and the UNDP reports an $800 billion cumulative GDP loss over 2011–2024 (in 2010 prices). Under continued sanctions, the economy would likely have remained depressed. The UNDP's projection of ~1.3% annual growth without major changes implies a painfully slow recovery. In practical terms, with sanctions on, any post-war GDP gains would be limited by lack of foreign investment, restricted oil exports, and financial isolation. Syria would stay in a low-growth trap, perhaps managing 1–2% real GDP growth per year (if that), largely driven by subsistence agriculture and informal markets. This scenario matches the UNDP warning that full recovery could take 50+ years at the current pace.[14]

With the sanctions removal set in motion in mid-2025, we project significant economic impacts for Syria starting in January 2026. The analysis below compares a baseline scenario (continuation of sanctions and pre-2025 trends) with a sanctions-lift scenario, across key indicators. In the baseline, Syria's economy was essentially stagnant and isolated – the UNDP estimated that at the pre-2025 growth rate of ~1.3%, it would take over half a century for Syria to regain its pre-war GDP. The sanctions-lift scenario, by contrast, assumes an end to the conflict (Assad's fall in December 2024) and reintegration into the global economy, spurring growth through reconstruction, restored trade, and renewed investor confidence.

Figure 1- Real GDP Growth: Annual and Cumulative Effects



After Sanctions Removal

Lifting U.S. (and allied) sanctions in 2025–2026 is expected to unlock a dramatic economic rebound. We forecast double-digit real GDP growth in the initial years after sanctions are lifted, followed by sustained high growth as reconstruction accelerates:

2026: The first full year without sanctions could see GDP growth above 10%. A surge is anticipated from several sources. First, oil production and exports resume (see the trade section below), adding new output; this mirrors the experience of Iran, whose economy "bounced back" with 12.3% GDP growth in 2016 after sanctions were lifted.

Syria's jump may be slightly lower due to infrastructure damage, but a similar oil-driven boost is likely. Second, reconstruction and investment will drive output: with restrictions gone, foreign capital (especially from Gulf states and international institutions) can fund the construction of roads, power grids, and cities, creating jobs and income. For example, the World Bank's re-engagement and a new electricity project were announced as soon as Syria cleared its arrears.

Third, improved confidence will spur private consumption – the Syrian Pound's stabilisation (see FX below) and the influx of goods should improve consumer spending from its suppressed level.

2027–2030: We project real GDP growth to average 5–8% annually over this period. As the initial spike from idle capacity recovery passes, growth will moderate but remain robust. A growth path could be, e.g., 8% in 2027, 7% in 2028, and 5–6% in 2029–2030.

This is in line with other post-conflict recoveries. For instance, after its civil war and sanctions, Iraq saw extremely high growth one year and then mid-single-digit rates during reconstruction. Syria's non-oil sectors (manufacturing, services, agriculture) should gradually revive with foreign inputs available and domestic stability improving.

Analysts emphasise that sustained growth will also depend on economic reforms and governance: lifting sanctions is "a first step… but requires reform policies… to ensure a real and productive recovery". If the new government implements business-friendly changes and banking reforms (e.g., to get off international money-laundering watchlists), it will reinforce growth.

Cumulative Impact

Over 2026–2030, Syria's real GDP could increase on the order of 50–70% in total (roughly transforming the $21 billion economy of 2024 into perhaps $30–35+ billion by 2030, in 2024 dollars). In contrast, under sanctions the economy might have grown only ~10% total over five years (or even stagnated). Thus, by 2030, GDP is projected to be tens of percent higher than it would be if sanctions had remained.

Another way to put it: sanctions relief may shorten Syria's recovery timeline from "half a century" to just a couple of decades or less. Indeed, the optimistic scenario is that sustained ~7% growth could double GDP in about 10 years – a far cry from the essentially flat trajectory under sanctions. It's worth noting these figures assume security holds and reconstruction is financed; any setbacks (resurgent conflict, investor hesitation) could temper the growth.

Trade (Total Exports and Imports)

Baseline under Sanctions

Syria's foreign trade was devastated by war and sanctions. Exports were a trickle of their former volume. In 2010, before the war, Syria exported $18.4 billion worth of goods and services (oil and tourism were major components). By 2021, exports had collapsed to only $1.8 billion – a 90% plunge.[15]

- Oil exports in particular evaporated due to lost oilfields and the oil embargo, and tourism disappeared during the conflict. Imports also shrank drastically, as the economy contracted and sanctions made financing and transacting difficult. Precise import data is scarce, but we know the regime resorted to illicit and informal channels to obtain essentials. For example, the Syrian government paid for key imports (like fuel) with illicit cash from the Captagon drug trade and with Iranian credit due to the inability to trade normally.[16]

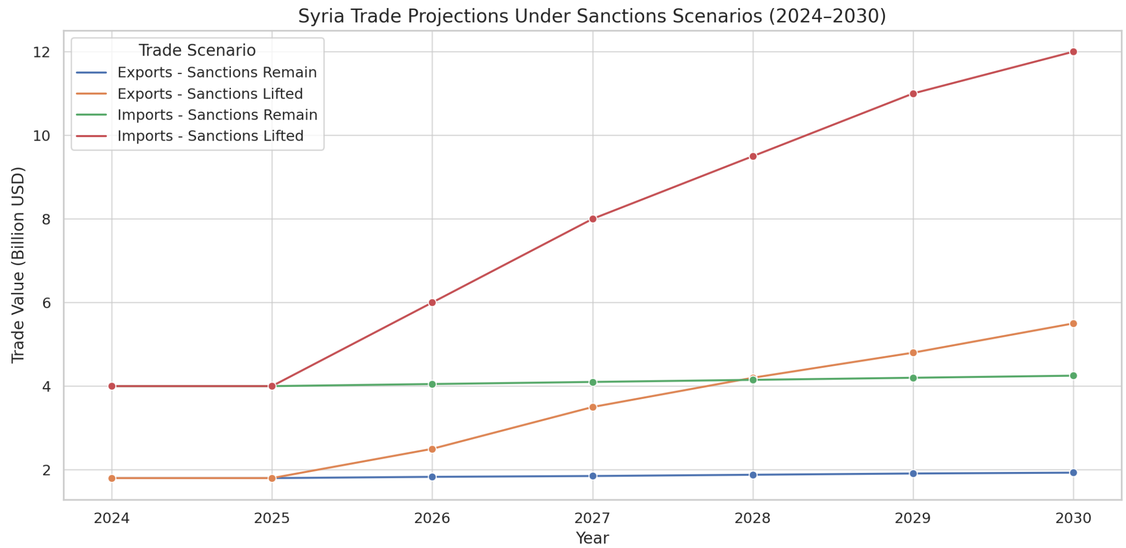
- Before Assad's fall, Syria was receiving an estimated 1–3 million barrels of oil per month from Iran (subsidised) to meet domestic needs – effectively an import lifeline, which itself was constrained by sanctions on Iran. Overall, under sanctions Syria ran a persistent trade deficit and could not increase exports meaningfully.

- Any attempt to export legal goods (e.g., agricultural products) was hampered by sanctions on banking and shipping. As one expert noted, even after parts of Syria came under opposition control, "sanctions made other legitimate exports difficult".

- Thus, baseline trade through 2030 (with sanctions) would remain extremely low-volume. Perhaps exports would inch up if some stability returned (e.g., modest agricultural gains) but likely stay in the low single-digit billions USD, while imports would be tightly limited by lack of foreign exchange. Syria would continue relying on black-market networks for imports and would be unable to freely sell oil or other goods abroad.

- Syria's foreign trade was devastated by over a decade of war and sanctions, reducing its total exports to a mere fraction of pre-2011 levels. This chart compares projected exports and imports under two contrasting futures: continued sanctions versus full sanctions removal beginning 2026.

Figure 2- Syria Trade Projections Under Sanctions Scenarios (2024–2030)



The graph shows that under continued sanctions, Syria's exports would stagnate just above $1.9 billion by 2030, growing at a sluggish ~1.3% annually—reflecting constraints on oil sales, lack of formal banking access, and limited market access. Imports would remain restricted around $4.2 billion, as dollar scarcity prevents expansion of critical and consumer goods inflows.

In contrast, lifting sanctions triggers a sharp trade expansion. Exports triple over the period, surpassing $5.5 billion by 2030, as Syria resumes oil exports (~100k bpd), revives phosphate and agri-industrial sales, and re-opens trade corridors. Imports jump to over $12 billion as infrastructure reconstruction, electricity grid repairs, and consumer market re-integration drive massive foreign goods demand.

While this recovery increases trade deficits short-term, it marks a vital shift from survival economics to growth-oriented integration. By 2030, the difference between the two scenarios exceeds $6 billion annually in trade volume—reflecting the structural chokehold of sanctions and the catalytic potential of financial normalization.

Post-Sanctions Scenario

Removing sanctions in 2025–26 is a game changer for Syria's trade.17 We anticipate a sharp expansion in both exports and imports over the 2026–2030 horizon:

Exports

By 2030, Syria's exports could triple or more compared to the sanctions period.

- The most immediate boost comes from oil exports. With sanctions lifted, Syria can legally export oil and attract foreign investment to revitalise its oil fields. Pre-war, Syria pumped ~380,000 barrels per day, exporting about 150,000 bpd in 2008, which comprised 20%+ of GDP.
- It is unrealistic to return to those levels quickly – infrastructure and wells have been damaged – but even a recovery to, say, 100,000 bpd by the late 2020s would be significant. At an assumed $70–$80 per barrel, that volume equates to ~$2.5–3 billion/year in oil export revenue. Energy exports thus re-emerge as Syria's top export earner. Additionally, other goods and services will grow.
- We expect a revival of agricultural and textile exports (traditional Syrian products like cotton, wheat, olives, and apparel) once banking and shipping channels open. Phosphate mining exports could resume as well (Syria has phosphate reserves that were sanctioned). By the late 2020s, if peace holds, tourism and travel receipts might also pick up – Syria has historical sites and religious tourism that could attract visitors, contributing to service exports. A conservative estimate is that by 2030, total exports might reach on the order of $5–6 billion+ per year, up from under $2 billion in 2021. This would still be well below 2010s $18b but constitutes a substantial recovery.
- The composition will likely shift back toward oil dominating around 50% of exports (similar to pre-war shares), with the rest split among agriculture, light industry, and services. It's important to note that EU and regional markets are expected to reopen to Syrian goods once U.S. sanctions are gone – indeed, the EU and UK began lifting some sanctions following the U.S. policy shift – so Syria will regain access to customers in Jordan, Lebanon, Iraq, the Gulf, and Europe for its exports.

Imports

- Syria's imports will surge as sanctions lift, reflecting both pent-up consumer demand and huge reconstruction needs. During the sanction's era, import volumes were suppressed; essentials like fuel, food, medicines, and spare parts were often in short supply.

- Post-2025, we project imports could at least double by 2030 relative to the sanctions baseline. Key drivers: Reconstruction materials (cement, steel, machinery) will be imported in bulk to rebuild cities, infrastructure, and housing. Consumer goods and electronics will flood back in as Syrian merchants re-establish ties with foreign suppliers and as Syrians' purchasing power recovers. For example, cars and appliances, largely absent due to sanctions, would see renewed imports. Energy imports (like refined fuel) might initially rise to fill gaps until domestic production scales up – although Iran stopped its subsidised oil deliveries after Assad fell, Syria could now openly buy fuel on the market or receive Gulf aid for fuel.

- Additionally, the new government may import capital goods for investment projects (power generators, telecommunications equipment, etc., previously restricted by sanctions). We anticipate imports could reach perhaps $10–12 billion annually by 2030, up from an unofficial estimate of only a few billion under sanctions. This import boom will improve living standards (availability of goods) but also means Syria will run trade deficits in the medium term – which is expected, as external aid and investment will finance the excess of imports over exports during rebuilding.

- In fact, the World Bank and IMF resuming operations in Syria (now possible after arrears were cleared) means Syria can get development loans to import needed goods.

Trade Balance and Composition

With exports recovering but still below import needs, Syria will likely run a trade deficit throughout 2026–2030. However, that deficit can be funded by inflows such as aid, FDI, and remittances once sanctions are gone. Gulf states have already stepped in – e.g., Saudi Arabia and Qatar cleared Syria's World Bank debts in 2025 and pledged support. Such grants effectively finance imports of capital equipment. Over time, as oil exports climb and domestic production replaces some imports, the trade gap should narrow. By 2030, oil might once again cover a large share of import costs, reducing dependency on aid.

In summary, lifting sanctions will reconnect Syria to global trade. Exports are expected to at least triple vs their sanctioned level (with oil leading the way), and imports will rise even more steeply as reconstruction draws in foreign goods. The opportunity to trade freely is a cornerstone of Syria's hoped-for "economic revival" – as one analysis noted, multinational companies and banks will not engage while U.S. secondary sanctions exist,18 but with sanctions lifted, normal commerce can resume. The result will be Syrians seeing more goods on shelves, factories humming again with imported inputs, and Syrian products finding buyers abroad for the first time in years.

Exchange Rate (Syrian Pound vs USD)

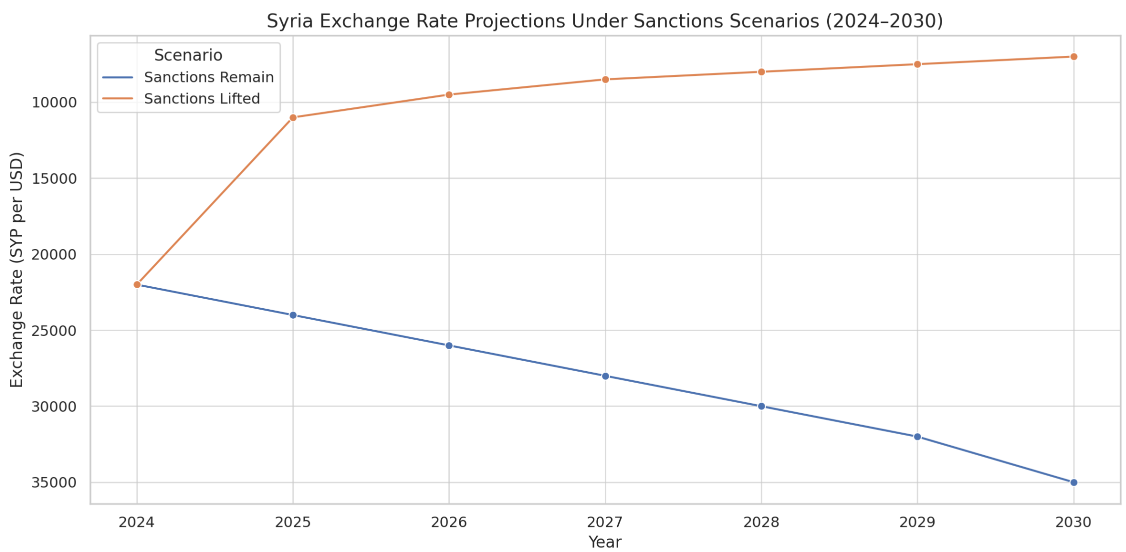
Pre-Removal Baseline: Years of conflict and sanctions decimated the Syrian Pound (SYP). Before the war, the SYP was relatively stable at ~47 SYP per 1 USD (March 2011).19 Thereafter, it went into freefall. By late 2024, on the eve of Assad's overthrow, the black-market rate had reached around 22,000 SYP/USD – a stunning ~99.8% depreciation in value.

Under sanctions, the central bank had practically no ability to stabilize the currency due to vanishing reserves (see below) and collapsing confidence. The official exchange rate diverged into multiple tiers as the regime tried to manage scarcity. In 2019, when neighbouring Lebanon's financial crisis hit (cutting off a key dollar supply for Syrians), the SYP plunged further.20

Had sanctions remained, the Syrian Pound likely would have continued to depreciate or remained highly volatile. Even with the war ending, a sanctioned Syria would face a dollar shortage (few exports or aid), so the currency would stay under severe pressure. We could expect the parallel-market rate to keep spiralling upward (tens of thousands of pounds per USD, potentially). In the baseline, the SYP might have gone into hyperinflation territory, further eroding purchasing power for Syrians.

The Syrian Pound (SYP) experienced a near-total collapse during the war, reaching historic lows. This graph contrasts future exchange rate trajectories under two divergent outcomes: continued U.S. sanctions versus a full lifting by January 2026.

Figure 3 - Syria Exchange Rate Projections Under Sanctions Scenarios (2024–2030)



Under continued sanctions, Syria's central bank remains isolated, unable to access hard currency or intervene in markets. The SYP spirals downward, driven by import-driven dollar demand, hyperinflationary pressures, and eroded public trust. By 2030, the currency reaches 35,000 per USD, effectively decimating domestic purchasing power and raising import costs.

Conversely, if sanctions are lifted, 2025's initial 25% appreciation (already observed post-announcement) accelerates as formal oil exports, donor inflows, and remittances rebuild Syria's FX base. The SYP strengthens dramatically in 2026–27, then gradually stabilizes. By 2030, the Pound regains nearly 70% of its lost value, trading at ~7,000/USD, enabling cheaper imports, reduced inflation, and monetary credibility.

The contrast is fundamental: one path leads to macroeconomic collapse; the other opens the door to monetary rehabilitation. The exchange rate thus becomes a direct barometer of sanctions relief and Syria's reintegration into global financial flows.

Sources: Reuters (2024–2025), World Bank Syrian Currency Monitoring Reports, IMF data, OpenAI forward projection model based on post-sanctions cases (Iran 2016, Iraq 2004, Sudan 2020)

Post-Sanctions Outlook

The announcement and implementation of sanctions removal have already markedly improved the currency's strength. Immediately after Trump's statement in May 2025, the Syrian Pound jumped ~25% in value against the dollar – an early sign of renewed market confidence. The interim government moved to unify the exchange rate. By mid-May 2025, the official rate was set around SYP 11,065 per USD, which was roughly half the peak black-market rate from late 2024. This stabilization is expected to continue and deepen from 2026 onward.

With actual foreign exchange inflows returning (oil export revenue, donor funds, diaspora remittances through formal channels), the SYP should appreciate and stabilize relative to its war-time low. We anticipate that the pound could strengthen gradually to a more moderate range – for example, it could gain value so that by 2026–27 the rate might be in the single-digit thousands (SYP per USD), as opposed to >10,000 under sanctions. Some optimists even suggest it could go below SYP 5,000/USD if large capital inflows occur, though it's prudent to expect volatility.

In qualitative terms, sanctions relief removes much of the devaluation pressure by reopening Syria's access to dollars and other hard currency. The Central Bank, no longer blacklisted, can engage in normal operations: it can receive foreign currency from oil sales and aid, intervene in the currency market, and rebuild public trust. Syria's new central bank governor has pledged to maintain a unified rate and manage policy prudently. International financial support (IMF technical help, etc.) will likely assist in stabilizing the monetary system.

That said, the pound's path will depend on policy choices. An influx of aid and investment could cause the pound to appreciate (strengthen) as supply of USD increases relative to local demand. On the other hand, as imports surge, demand for foreign currency to pay for those imports could exert downward pressure. The net effect is hard to pinpoint, but the key point is that without sanctions, the Central Bank can properly intervene and the fundamental value of the SYP should be far higher than during isolation.

Even by conservative measures, we expect the SYP to at least hold steady or gain value, rather than the unabated depreciation under sanctions. For example, if the pound stabilizes around, say, 5,000–8,000 per USD in a couple of years, that is a huge improvement over the 22,000+ in the sanction scenario (a stronger currency makes imports cheaper and helps curb inflation).

In comparison: When Iran got sanctions relief in 2016, its currency market stabilized and the gap between official and market rates narrowed significantly. We anticipate a similar dynamic in Syria – already the gap has closed and a unified rate around 11,000 was adopted, and this rate is likely to appreciate further as confidence builds. The exact trajectory will also reflect inflation differentials; Syria has suffered high inflation, but with peace and better monetary policy, inflation could decelerate, supporting the currency's real value.

Bottom line: Lifting sanctions is giving the Syrian Pound a new lease on life. Instead of a near-worthless, rapidly depreciating currency, the SYP is poised to become relatively stable and stronger. A one-time revaluation upward may be followed by gradual strengthening if reforms continue. This will make imported goods more affordable domestically and restore some spending power for Syrian households. The risk of currency collapse recedes significantly once Syria is reconnected to global financial flows. Of course, prudent management is required; the pound will only maintain value if the government avoids excessive money-printing and if political stability endures.

Gross Foreign Currency Reserves

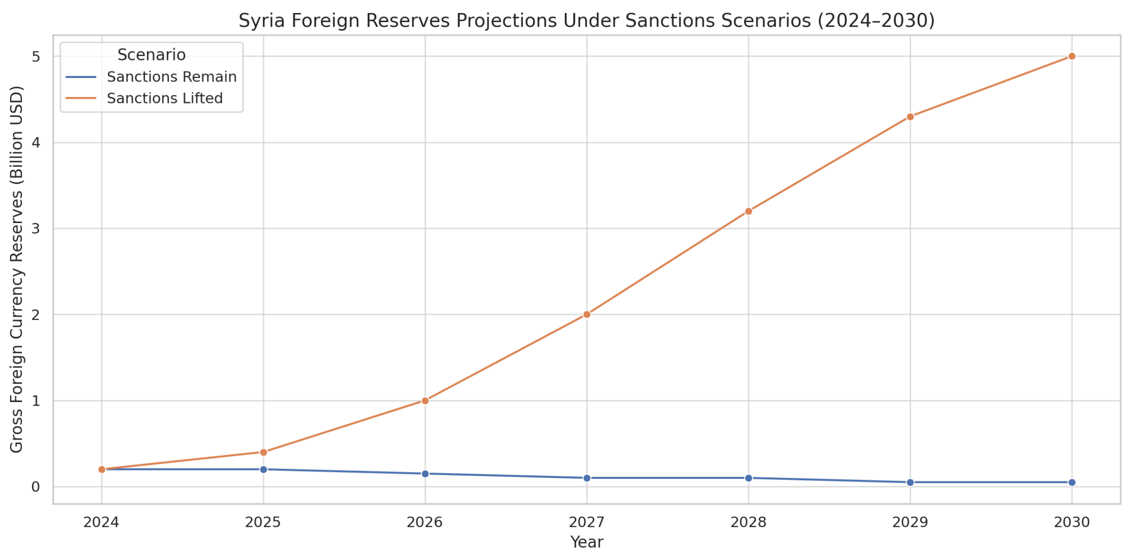
Baseline (Sanctions Period): Syria's foreign exchange reserves were nearly exhausted under sanctions. The country entered the war in 2011 with substantial reserves – the IMF estimated $18.5 billion in forex reserves in 2010,21 which the central bank used to defend the pound in early war years. But continuous trade deficits, loss of oil revenue, and sanctions blocking external access caused reserves to plummet. By the mid-2010s, reports indicated only a few billion left, much of it in illiquid assets.

By 2024, Syria's usable reserves were minimal: sources told Reuters that the central bank had only around $200 million in cash reserves left – essentially a negligible amount for a national economy. (Syria does hold some gold – ~26 tonnes, worth $2.6 billion – but gold cannot be easily deployed for liquidity without sanctions lifting, as selling or pledging it was difficult under sanctions.) In a sanctioned scenario, reserves would have remained at rock-bottom.[22]

In fact, the new authorities might have burned through the remaining cash trying to stabilize the currency and pay for essentials, unless external aid came. With sanctions still on, no significant hard currency inflows (from exports or loans) would occur, so reserves could not be replenished. The likely baseline would be a chronic FX shortage, with the central bank effectively empty-handed and Syria dependent on ad hoc infusions from allies.[23]

Syria's foreign currency reserves—once nearly $20 billion pre-war—collapsed under sanctions and isolation. This chart shows two divergent trajectories depending on whether sanctions are lifted by 2026 or persist.

Figure 4 – Syria Foreign Reserves Projections Under Sanctions Scenarios (2024–2030)



If sanctions stay in place, Syria's central bank will still be cut off from global markets and won't be able to trade oil, get investment, or get meaningful help from outside the country. Reserves fall from an already shaky $200 million to less than $50 million by 2030 because there are no foreign currency inflows. In this case, the government would be completely financially vulnerable, lose control of the money supply, and be at risk of a permanent currency crisis.

On the other hand, lifting sanctions gives Syria back its access to export revenue, donor aid, and international banks. By 2026, oil exports and recovery grants from the Gulf start to fill up the central bank's reserves. The IMF and World Bank start working together again, and Syria gets back frozen foreign assets. By 2030, reserves will reach $5 billion, which will help keep the exchange rate stable and pay for imports.

This difference is not small; it's life-changing. Syria can't stabilise its currency or pay for recovery without reserves. The first step toward macroeconomic recovery is the return of a sovereign financial cushion now that sanctions have been lifted.

After Sanctions Removal: Unfreezing Syria's economy will allow it to rebuild foreign reserves over the coming years. Several channels contribute to this positive outlook:

- **Export Earnings:** As Syria resumes oil and other exports, a portion of those earnings will be accumulated as reserves. For example, if by 2028 Syria is exporting a few billion dollars of oil annually, the central bank can retain some of that in foreign currency rather than using it all for imports.
- **Repatriation of Frozen Assets:** Western governments had frozen Syrian state assets abroad (regime-held funds in foreign bank accounts, etc.) during Assad's rule. With a recognized new government, efforts are underway to unlock those assets. The Syrian Finance Ministry estimated it might retrieve up to $400 million of frozen assets relatively quickly to help fund reforms. Indeed, some known sums include ~$118 million in Switzerland and $217 million in the UK that are identified for release. These recovered funds can directly boost central bank reserves in the short term.
- **International Financial Support:** Now that sanctions are lifted, Syria can receive loans and aid from international institutions. The World Bank has restarted operations and is preparing new projects in Syria. The IMF is engaging to help reintegrate Syria into the global economy. While IMF lending is not yet confirmed, Syria may become eligible for balance-of-payments support or other facilities. Gulf states, as mentioned, are providing financial aid as well. Such official inflows (loans, grants) often land in the central bank's coffers, bolstering reserves. For example, if the World Bank provides a $500 million infrastructure loan, those dollars would enter Syria's reserves (to be spent on imports in projects, but managed through the central bank).
- **Private Capital and Remittances:** With banking sanctions gone, Syrian expats can send money home more freely through formal channels, and Syrians abroad may repatriate savings to invest in properties or businesses. Remittances (which were significant pre-war) could increase and contribute to reserve accumulation if the central bank conducts open-market purchases. Likewise, foreign direct investment flows (e.g. a Gulf company investing in a Syrian factory) bring in hard currency that eventually circulates to the banking system.

Given these factors, we project Syria's gross official reserves to rise substantially from the near-zero level. A reasonable estimate is that by 2030, Syria could have several billion USD in foreign reserves. For instance, accumulating even ~$500 million per year on average (through trade surplus portions or aid) would yield ~$2.5–3 billion after five years. Its plausible reserves might reach on the order of $5 billion by 2030, depending on aid and oil prices. While that's still far below the $18.5b pre-war peak, it represents a vital rebuild of financial buffers. Notably, Syria's 26 tons of gold provide an extra backstop – valued at $2.6b, it means total reserve assets (FX + gold) could exceed $5b if effectively managed.

By contrast, under continued sanctions, reserves would likely remain stuck near <$0.5b (and mostly gold). The difference is stark: with sanctions lifted, the central bank moves from essentially bankrupt to having a cushion for currency stabilization and import financing. This will improve Syria's creditworthiness and ability to manage shocks. For example, a few billion in reserves could help stabilize the SYP exchange rate via market interventions, or pay for several months of critical imports if needed – options that were not available under sanctions.

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