



Syria in Figures

Making Sense of Syria's Economy

Syria's External Debt: How Much, to Whom is it Owed, and Will it be Repaid?

Syria's conflict-driven debt poses challenges for recovery, requiring careful negotiation and international support.

Is Syria's Caretaker Government Overstepping its Mandate in Setting Economic Policy?

Syria's Caretaker Government is enacting sweeping reforms, raising concerns about overreach and long-term instability.

The Legal Status of the Oil Contracts in Syria

Syria's regime collapse has complicated the status of oil contracts, with disputes over rights and obligations.

The Complexities of Lifting UN Sanctions on Hayat Tahrir al-Sham

Lifting UN sanctions on HTS involves technical hurdles and political challenges, with international actors imposing conditions that might complicate delisting efforts.

External Contribution

Dr Sinan Hatahet, VP of Investment & Social Impact Program at the Syrian Forum ***Entrepreneurship in Syria: A Path to Economic Recovery***

Entrepreneurship is crucial for Syria's recovery but faces hurdles like sanctions and lack of financing. Engaging the diaspora and easing regulations could help startups drive economic stability.

Interview

Stefan Schneck, Germany's Special Envoy for Syria

The EU's Position Toward Syria: Step-by-Step, Not Step-for-Step

German Special Envoy outlines Germany's shift toward engaging with Syria, focusing on easing sanctions, fostering stability, and promoting international coordination.

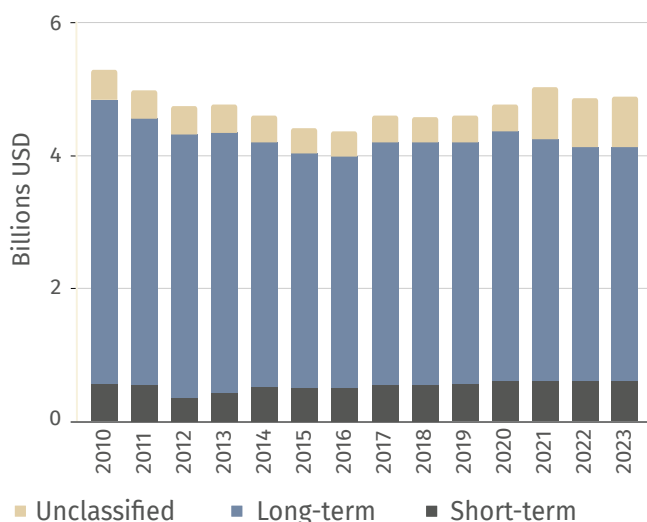


Syria's External Debt: How Much, to Whom is it Owed, and Will it be Repaid?

On the eve of the uprising in 2011, Syria had already lowered its debt burden through a [rescheduling program](#) that started in 2005 as part of its broader fiscal reforms. This program helped the government to reduce its debt to GDP ratio from [113% in 2004](#) to [30% in 2010](#), supported mainly by a debt forgiveness and restructuring [agreement](#) with Russia and Eastern European countries. Most of Syria's debt is long-term (more than one year maturity), while short-term represents about 10% of the external debt.

Before the 2011 uprising, Syria's debt continued to be mostly owed to [Russia](#), following a debt forgiveness and restructuring agreement ratified by Moscow in 2008. Debt to multilateral institutions remained negligible.

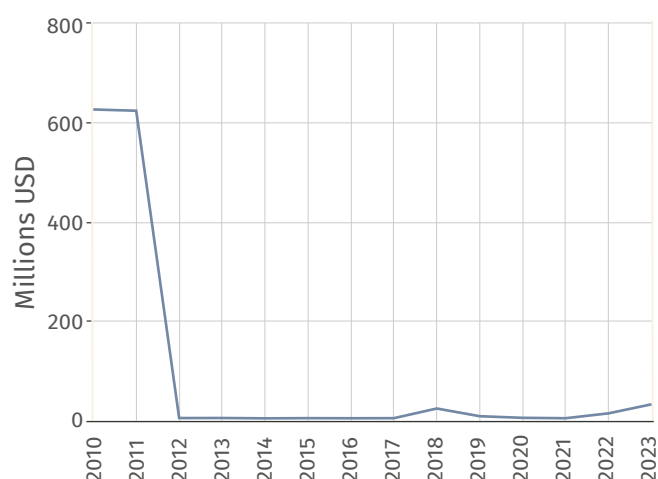
Public and Publicly Guaranteed External Debt



Source: The World Bank

The fact that Syria's reported external debt levels remained relatively unchanged during the conflict, combined with a sharp decline in recorded debt servicing payments, suggests that the composition of Syria's creditors did not significantly shift after the uprising began.

External Debt Service



Source: The World Bank

However, the widely-cited data from The World Bank does not disclose all loans. In fact, in addition to old debt remaining largely unpaid, the Assad regime increased the pace of borrowing from its allies in Tehran and Moscow without disclosing these loans in official government budgets or debt statistics.

After the collapse of the Assad regime, the Minister of Foreign Affairs in the Caretaker Government (CG) revealed that the total debt owed to Iran and Russia is estimated at [30 billion USD](#). These estimates contrast with leaked documents from Iran's Ministry of Foreign Affairs, which report that the former Syrian government owed [50 billion USD](#) to Tehran alone. Evidence from other sources also suggests that Syria owed much smaller debts to Russian oligarchs, including for the [procurement of](#) basic goods such as wheat and medicine.

However, it is imperative to distinguish between officially recorded debt extended to Syrian government institutions and undisclosed financial

support used to sustain Assad's military operations. The former includes loans that appear in Syria's public financial records, while the latter consists of unpublished commitments, such as Iran's funding of parallel security and military formations—including the [National Defence Forces](#) or foreign militias such as [Fatimoun and Zaynabyoun](#)—or [Russia's](#) funding of the Fifth Corps. These off-the-books financial arrangements were never publicly reported in Syria's official debt statistics, making their exact scale difficult to assess.

Syria's formal debts to Iran were in the form of a credit line used primarily for facilitating oil shipments. However, uncertainty surrounds the limit of Iran's credit line: As of 2019, Reuters [estimated](#) it at 4.5 billion USD, while [others](#) put the figure at 7.6 billion USD. Given that Iran claims Syria owes 50 billion USD and only 7.6 billion USD at most is the verifiable civilian debt, it is likely that the remainder of Syria's debt is related to undisclosed military support.

As for Russia, Syria's formal debts to Moscow appear to be smaller. [One source](#) reports that Russia extended 1 billion USD in export-financing loans starting in late 2020, but the full extent of Syria's debt to Moscow remains unclear.

It also remains uncertain whether the CG plans to continue servicing the debts owed to the former regime's allies, particularly those linked to financing Assad's military operations. We believe the CG is unlikely to service these loans due to several critical factors. First, there is no international mechanism that creditors can utilize to reclaim the debts, leaving them without a formal

avenue for enforcement. Second, Iran in particular lacks the diplomatic and economic leverage over the CG that has historically been essential for securing debt repayments after the downfall of former regimes. Finally, the exact size and terms of these debts are difficult to determine, as they were not publicly documented in Syria's official debt records, and details of their agreements remain opaque.

The CG is likely to argue, rather plausibly, that these debts were [odious](#), accrued to sustain a regime that lacked popular legitimacy. In fact, the CG has recently demanded compensation of [300 billion USD](#) from Iran for its role in supporting Assad's war efforts, effectively negating any obligation to repay the comparative pittance Assad owes.

Furthermore, some of Syria's debts to Iran and Russia were supposed to be paid through investments in Syria such as in the [phosphate](#), [telecommunications](#), and [oil](#) sectors. However, the fate of many of these investments is already changing, a topic we will discuss in future issues.

How Syria handles its debt obligations—whether by honoring them, renegotiating them, or disputing them as odious—will shape its ability to access external financing in the future. While a formal credit rating from major agencies like Moody's, S&P, or Fitch is unlikely to be relevant in the short term, Syria's financial credibility will still matter for securing concessional financing from institutions like the International Development Association (IDA) or through direct bilateral agreements. The new Syrian government will likely prioritize financial assistance

from international donors and multilateral lenders over commercial borrowing, but its approach to debt management—particularly in dealing with contested obligations to Iran and Russia—will influence its ability to secure such support.

Is Syria's Caretaker Government Overstepping its Mandate in Setting Economic Policy?

A caretaker government is meant to provide continuity without making major policy shifts. Yet Syria's current administration appears to be testing these limits, implementing changes that could reshape the economy well beyond its interim role. While some measures address urgent economic concerns, others raise legitimacy issues due to their lasting impact.

The traditional restraint of a caretaker government was exemplified by [Decision No. 1 of 2025](#), issued by the Syrian Council of Ministers on 5 January, which outlined fiscal adjustments for the 2025 budget. With no agreed-upon 2025 budget due to the suspension of parliamentary activities, expenditures will adhere to the 2024 budget on a "one-twelfth" basis, allocating 1/12 of the previous year's budget per month. Spending is limited to salaries, essential services, and critical operations, while new investments and development projects are deferred. This is a clear example of a caretaker government managing day-to-day operations while ensuring stability—just as seen in the [appointment](#) of caretaker ministers.

But Syria's Caretaker Government (CG) has made declarations and decisions far beyond its mandate.

For example, CG authorities have argued for a shift away from Ba'ath-era socialist policies, [announcing](#) a transition to a "competitive free-market economy." While their stated goal is to reorient Syria's economic framework to benefit all sectors of society, such sweeping changes exceed a caretaker

government's typical remit. Similarly, the CG is spearheading efforts to [privatize](#) state-owned enterprises, [about 70%](#) of which currently operate at a loss.

The Caretaker Minister of Finance's statements on comprehensive [tax reform](#) are also ambitious but premature. Such reforms require extensive deliberation and political consensus—neither of which a caretaker government possesses, particularly given that the CG is dominated by the ideology of the forces that toppled the Assad regime. Tax systems are fundamental to the social contract and shape the relationship between the state and its citizens, making inclusivity essential.

Beyond policy shifts, CG authorities have unilaterally canceled contracts signed by the former government with foreign entities, including a [Russian company](#) managing the Port of Tartous and two joint-venture agreements with Jordanian and Iraqi companies. Regardless of how these contracts were negotiated, such cancellations exceed the CG's mandate, particularly given the lack of transparency. Additionally, the CG has reportedly reached [settlements](#) with businessmen linked to the former Assad regime, bypassing the judiciary and undermining accountability mechanisms.

However, some of these actions—though exceeding the traditional caretaker mandate—may be unavoidable given Syria's dire economic and political circumstances.

The [unification](#) of tariffs across CG-controlled areas was a critical step toward consolidating Syria's fractured economic landscape. Similarly, revising import policies in former regime-held areas—where most imports were either banned or heavily restricted—has facilitated the free [flow of goods](#), improving access to essential items. The liberalization of [oil imports](#) and the decision to allow citizens to [hold and trade](#) dollars freely may also be justified given their urgency and the ease with which these policies could be reversed.

Transparency is critical. Records of economic decisions—including financial settlements with former cronies or foreign investments—must be made public. Independent audits overseen by Syrian or international bodies can help prevent corruption and favoritism, build public trust, and secure international support. International actors must ensure accountability by tying financial support to strict transparency and inclusivity measures.

Rather than pursuing sweeping reforms beyond their mandate, CG authorities should prioritize building broad consensus for a fully empowered transitional government—something Interim President Ahmad al-Sharaa has [pledged](#) to do.

Rushed reforms should be deferred until a representative transitional authority is in place. When the time comes, economic reforms must follow rigorous frameworks with public consultations, competitive bidding, and safeguards against monopolization. In the meantime, improving public enterprise efficiency can yield immediate benefits without committing to long-term policy shifts.

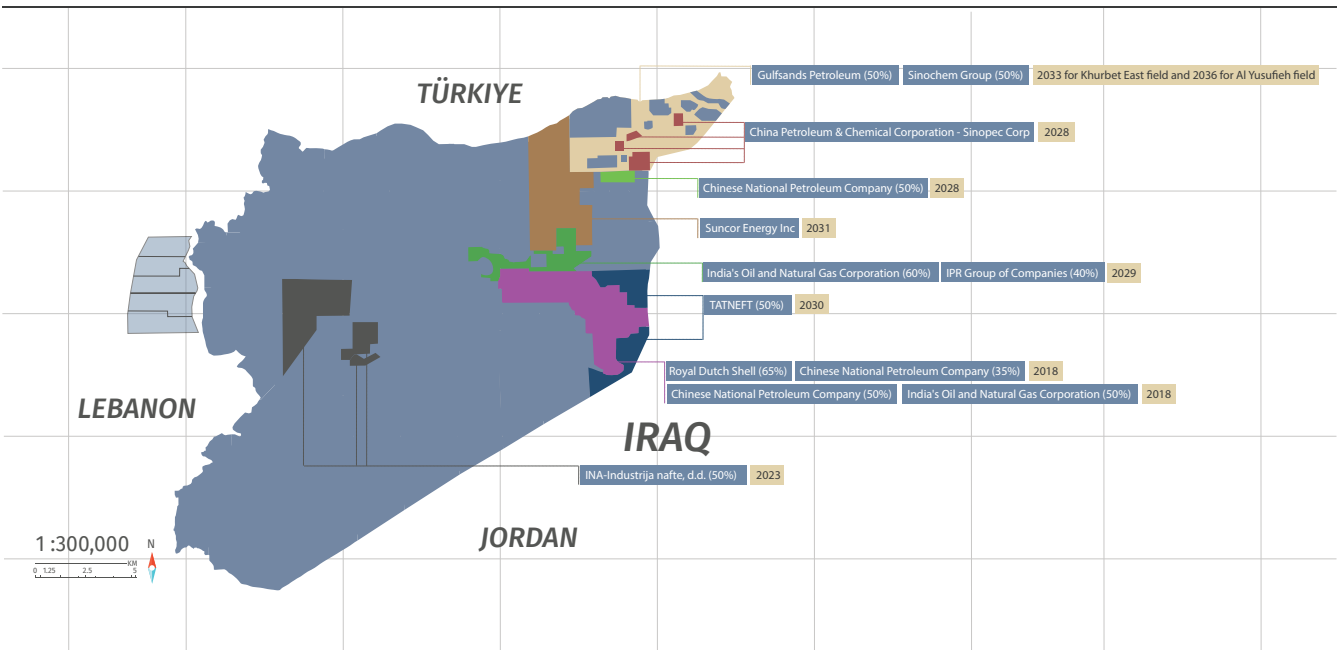
The Legal Status of the Oil Contracts in Syria

As discussed in our [previous issue](#), Syria's oil sector once played a critical role in the country's economy and could be key to its recovery, particularly as the Syrian Democratic Forces-controlled areas, which account for [over 85%](#) of oil production, are reintegrated. The legislative framework governing the oil and gas sector consists of [14 laws and decrees](#), with the latest amendment dating back to [2009](#). Since then, the state-owned [General Petroleum Corporation \(GPC\)](#) has overseen supervision, exploration, development,

and production.

As shown in the figure below, by 2011 the GPC operated through subsidiaries or Joint Operating Companies under Production Sharing Agreements (PSAs) with eleven international companies. However, some oil fields remained under the exclusive control of the GPC and were therefore fully owned by the government. A table detailing the PSAs in place in 2011 is provided at the end of the article.

Production Sharing Agreements in Syria as of 2011



■ Name of the international company
■ Date of the expiration of the PSA contract

Source: Annual reports, media articles, research papers, and author's calculations.

Following the imposition of sanctions by the [EU](#), [US](#), [UK](#), and [Canada](#) starting in April 2011, international companies ceased operations, citing force majeure due to sanctions and security concerns. This led to the suspension of the contracts and raised questions about their legal fate. The situation grew more complicated after the overthrow of the Assad regime in December 2024, leading

to a period of legal uncertainty regarding contracts signed by the former government, particularly those in the oil sector.

While some companies remained silent throughout the conflict, [others](#) expressed their eagerness to resume operations once permitted. The key legal issue now is whether these

companies can resume their contracts and whether they can claim rights over production in their blocks currently underway—operations that some, including [Gulfsands](#), have described as “unlawful.”

Further complicating the legal

landscape are contracts signed by the former regime with Russia and Iran during the conflict. The Caretaker Government (CG) can now argue that these contracts were obtained under duress, with some asserting that the terms are [extremely unfavorable](#) to Syria.

Table 2: Oil Contracts Signed After 2011

| Company | Location | Date |
|--------------------|--|-----------------------------------|
| Soyuzneftegaz | Block II (2), in the Mediterranean Sea in front of the city of Baniyas | Contract ratified in 2014 |
| Kapital Limited | Block I (1) in the Mediterranean Sea between Tartous and Lebanon | Contract ratified in March 2021 |
| Sroytransgaz | The project covers two locations: the first at the Beaches of Tartous and Baniyas; the second in the Qara field between rural Homs and Rural Damascus. | Contract signed in 2017 |
| Velada LLC | Block XXIII (23) to the North of Damascus | Contract signed in September 2019 |
| Mercury LLC | Block VII (7) and Block XIX (19) | Contract signed in September 2019 |
| Iranian Government | Block XII (12) in Al Bukamal | Contract ratified in June 2020 |

Source: Official documents and media articles.

The contracts in question are not publicly available, making it unclear whether force majeure and its consequences were pre-defined at the time of signing. However, the experiences of companies forced to stop operations due to force majeure or sanctions disruptions vary widely. In some cases, rulings such as the UK Supreme Court’s decision in [RTI Ltd v MUR Shipping BV](#) have reinforced a strict interpretation of force majeure, affirming that contracts must be upheld as written, without retroactive extensions. But cases in [Venezuela](#),

[Russia](#), and [Libya](#) suggest that force majeure declarations and sanctions-related disruptions can result in amending preexisting contracts under certain political conditions.

In January 2019, the US stringently sanctioned Venezuela’s oil sector; the [US company Chevron](#) halted its operations before resuming production in November 2022 after the issuance of a license from OFAC. In July 2022, the [Russian company Gazprom](#) also declared force majeure on gas supplies to Europe through Nord Stream 1 before

resuming supply and trying to [compensate for the shortage](#) through TurkStream. In [Libya](#), the government declared force majeure on certain oil fields, but lifted the declaration once conditions improved.

Unlike these cases, Syria faces the added challenge of a regime collapse, creating yet more uncertainty over whether contracts will be honored, renegotiated, or invalidated. A new government emerging from a revolution or coup is [generally expected](#) to honor its predecessor's international obligations, though exceptions exist. Some may argue that Syria falls under the [Vienna Convention on the Succession of States in Respect of Treaties \(1978\)](#), which states that obligations do not automatically transfer. However, the experiences of other countries suggest there is no one-size-fits-all procedure, with political factors, sanctions lifting, and the nature of the contract itself often playing a significant role.

Legal uncertainty persists, particularly concerning 'odious debt'—illegitimate sovereign debt incurred without public benefit or consent. By extension, some contracts—especially those signed after 2011—could also be deemed 'odious' and subject to cancellation by the new administration in Damascus. For example, the CG reportedly [cancelled](#) the 2019 Tartous port management contract signed with a Russian contractor during the Assad-era government.

Restoring Syria's oil potential is crucial for economic recovery. Reducing reliance on costly imports and eventually resuming exports could generate much-needed revenue. To

attract investment, the new authorities must adopt a transparent and pragmatic approach, balancing contractual obligations, accountability, political considerations, and economic priorities. Settling matters with former oil companies will reassure investors and signal Syria's post-conflict economic direction. How these contracts are handled will be a key indicator of broader economic policy, shaping investor confidence and influencing the return of international companies to critical sectors like electricity and infrastructure.

Appendix: Production Sharing Agreements in Syria as of 2011

| Subsidiary | Operating | Operating Company | | Date of Cessation of Activities (if formally expressed) | Contract Expiration |
|---|--------------------------------------|--|--|---|----------------------|
| Al Furat Petroleum Company (AFPC) | AFPC & DEZPC Block | GPC (50 %) | | N/A | 2018 |
| | | Syria Shell Petroleum Development B.V. (32 %): | Royal Dutch Shell (65 %) | 2 Dec 2011 | |
| | | | Chinese National Petroleum Company (35 %) | N/A | |
| | | Himalaya Energy Syria B.V. (18 %): | Chinese National Petroleum Company (50 %) | N/A | |
| | | | India's Oil and Natural Gas Corporation (50 %) | May 2012 | |
| Deir Ezzor Petroleum Company (DEZPC) | AFPC & DEZPC Block | GPC (50 %) | | N/A | 2018 |
| | | TOTAL E&P Syria (50 %): | TOTAL Group France (100 %) | 5 Dec 2011 | |
| Syria-Sino Alkawkab Oil Company (SSKOC) | Kabibah Oil Field (within SPC Block) | GPC (50 %) | | N/A | 2028 |
| | | Chinese National Petroleum Company (50 %) | | N/A | |
| Hayan Petroleum Company (HPC) | Block X (10) / Hayan Block | GPC (50 %) | | N/A | |
| | | INA Industrija Nafta DD (50 %) | | 26 Feb 2012 | 2023 |
| Oudeh Petroleum Company (OPC) | Oudeh Block & Tishrine Block | GPC (50 %) | | N/A | |
| | | Sinopec International Petroleum Exploration & Production Corporation - SIPC Syria (50 %) | China Petroleum & Chemical Corporation - Sinopec Corp. (100 %) | N/A | 2028 |

| | | | | | |
|-------------------------------------|------------------|--|--|-----------------------------|--|
| Dijla Petroleum Company (DPC) | Block XXVI (26) | GPC (50 %) | | N/A | |
| | | Gulfsands Petroleum (50 %): | Gulfsands Petroleum (50 %) | 12 Dec 2011 | 2033 for Khurbet East field and 2036 for Al Yusufieh field |
| | | | Sinochem Group (50 %) | 12 Dec 2011 | |
| Al Bukamal Petroleum Company (BKPC) | Block XXVII (27) | GPC (50 %) | | N/A | 2030 |
| | | TATNEFT (50 %) | | 23 Dec 2011 | |
| Ebla Petroleum Company (EPC) | Block II (2) | GPC (50 %) | | N/A | 2031 |
| | | Petro-Canada Palmyra B.V. (50 %) | Suncor Energy Inc. (100 %) | 11 Dec 2011 | |
| Al Rashid Petroleum Company (RPC) | Block XXIV (24) | GPC (50 %) | | N/A | 2029 |
| | | IPR Mediterranean Exploration Ltd. (50 %): | India's Oil and Natural Gas Corporation (60 %) | May 2012 | |
| | | | IPR Group of Companies (40 %) | N/A | |

Source: Annual reports, media articles, research papers, and author's calculations.

The Complexities of Lifting UN Sanctions on Hayat Tahrir al-Sham

In the wake of Hayat Tahrir al-Sham's (HTS) unexpected rise to power in Syria, the international community faces a key question: Should UN-wide sanctions on a group long designated as terrorist be lifted? This process is highly complex, combining bureaucratic procedures with political and diplomatic considerations. There are multiple pathways for delisting, as outlined in this article. Understanding these processes can help craft potential scenarios and understand issues relating to the duration needed for delisting and how each political actor might leverage their position in the months—or perhaps years—to come.

The main body responsible for lifting sanctions on HTS is the UN Security Council's (UNSC) Committee pursuant to resolutions [1267 \(1999\)](#), [1989 \(2011\)](#), and [2253 \(2015\)](#) concerning Islamic State in Iraq and the Levant (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities. This committee [oversees](#) the implementation of sanctions, including designations, delistings, exemptions, compliance monitoring, and reporting to the UNSC. It consists of representatives from all fifteen Security Council members.

Any UN Member State, or any listed individual, group, or entity, may request delisting (see table at the end for a detailed breakdown of the delisting process). Requests are reviewed either by the independent Office of the Ombudsperson (established under [Resolution 1904](#))—which assesses the case and submits a Comprehensive Report to the Committee—or directly by the Committee itself. In cases reviewed

by the Ombudsperson, the report is translated into all official UN languages, and the Committee has fifteen calendar days to consider the recommendation before making a decision. The Committee operates by consensus, requiring all fifteen members to agree on the outcome of a delisting request. If consensus is not reached within 60 days, the matter escalates to the Security Council, where a decision is made by majority vote, including all five permanent members.

Although the Committee's consensus is not a strict prerequisite for delisting, it plays a crucial role in resolving cases efficiently by avoiding escalation to the UNSC. This means non-permanent Security Council members have limited influence compared to permanent members.

Another 'Political Process'

The political dimension of this process cannot be overstated, as the final decision ultimately rests on political will and diplomatic negotiations. Each permanent member of the Security Council holds veto power and will likely leverage it to shape the outcome.

The US acknowledges communication with HTS but remains cautious about its new role. Its stance, as articulated by former State Department spokesperson Matthew Miller before the Trump administration took office, [emphasizes](#) evaluating HTS's actions rather than rhetoric before considering delisting. Washington could also push for the removal of more radical elements from the [newly appointed](#) Caretaker Government (CG), and particularly from

the Syrian army, as a precondition. European nations face a similar dilemma, with the UK or France likely utilizing their veto power at the UNSC to extract more concessions from Syrian Interim President Ahmad al-Sharaa. The EU bloc, however, will most probably adapt whatever the UN decides, the same way it listed HTS only after the UN listing.

Eyes would probably be on Russia, who would be unlikely to simply abandon its interests in Syria. Its military bases in Tartous and Hmeimim are central to its power projection in the Mediterranean and the Middle East. Despite years of hostility toward HTS, Moscow has [rebranded the group](#) as “Syria’s armed opposition” in state media and [established direct contact channels](#) with Damascus. On 29 January 2025 a high-level Russian delegation met with al-Sharaa [in Damascus](#) to discuss “mutual interests.” While the terror listing was not officially on the agenda, Damascus will likely seek Russian support in the delisting process. Russia, in turn, holds economic leverage over Syria, complicating HTS’s engagement with Western nations who have repeatedly demanded that Damascus sever its ties with Russia—leaving al-Sharaa between a rock and a hard place.

China also has a stake in Syria’s future. Beijing views the presence of Uyghur fighters within HTS’s ranks—particularly the Turkistan Islamic Party (TIP)—as a direct threat to its security in Xinjiang. China is unlikely to engage with the new Syrian government unless it receives assurances that these fighters will be excluded from power and possibly deported. However, recent [appointments](#) of TIP-linked fighters to

the Syrian army have heightened tensions. Following these appointments, Chinese Foreign Ministry spokesperson Mao Ning [declared that](#) “[TIP] is a terrorist organisation listed by the UN Security Council” and that “The international community should ... resolutely crack down on it.” As one of the major potential players in the reconstruction sphere, China might also condition its cooperation with Damascus on the sidelining of the TIP, which al-Sharaa must be able to do upon consolidating his grip on power.

Dissolution: An Option?

The complexity deepens when considering possible strategies for delisting HTS. One approach could involve dissolving HTS and integrating its military factions into the Syrian army, which has already been underway. While this might seem like a practical workaround, history suggests otherwise.

Several organizations [have remained listed](#) despite their dissolution and the absence of activities that would justify a terrorist designation. For example, the [Abdallah Azzam Brigades](#) continue to hold the same designation as HTS, even though they ceased operations years before officially [disbanding](#) in 2019. In practice, the impacts of continued listing would mostly apply to the individuals formerly affiliated with the group as opposed to the group itself. This includes [Ahmad al-Sharaa](#) (better known as Abu Mohammad al-Jolani) and his newly appointed [Syrian intelligence chief Anas Khattab](#).

The continued listing of al-Sharaa means he’s subject to a travel ban, restricting his movement to UN member states. However, the UNSC has already granted exemptions. On 31 January 2025,

it approved a [waiver](#) allowing al-Sharaa to travel to [Saudi Arabia](#) for an official visit from 2–4 February 2025, while on 4 February 2025 [another exemption](#) was issued for his travel to [Türkiye](#). A [similar waiver](#) was issued for Anas Khattab, permitting his trip to Türkiye on 15 January 2025 to address stabilization and humanitarian concerns, and [a second waiver](#) on 3 February 2025 to travel to Saudi Arabia to attend the Arab Intelligence Forum and perform Umrah. If applied strictly, what would have a much stronger impact on al-Sharaa and other group members is the ban on

offering any form of support (including financial aid, logistics, or intelligence). While the process of delisting HTS involves formal procedures, in practice it is a political decision shaped by the interests of the UNSC’s key players. Even if HTS meets the technical criteria for removal, the outcome will ultimately depend on negotiations among global powers, with the Security Council determining whether Syria’s new leadership is accepted on the international stage.

Table: UN Delisting Mechanisms: Overview of Procedures

| Step | Key Action | Applicable Procedure |
|------|--|--|
| 1 | Submission of Delisting Request by (a) Petitioner, (b) Designating State, (c) Member State, or (d) Representative for Deceased/Defunct Entity | (a) Ombudsperson, (b) Designating State, (c) Member State, (d) Deceased/Defunct Entity |
| 2 | Acknowledgment of Request by the relevant body | <ul style="list-style-type: none"> - (a) Ombudsperson: Ombudsperson accepts request and informs the petitioner on procedure. - (b) Designating State: Chair circulates request to Committee under no-objection procedure. - (c) Member State: Chair circulates request to Committee under no-objection procedure. - (d) Deceased/Defunct: Either Committee or Ombudsperson acknowledges receipt. |
| 3 | Information Gathering | - (a) Ombudsperson: Ombudsperson gathers information from relevant UN bodies, states, and independent sources. |
| 4 | Petitioner’s Response to gathered information | - (a) Ombudsperson: Ombudsperson informs petitioner of gathered information and allows them to respond. |
| 5 | Report Preparation | - (a) Ombudsperson: Ombudsperson prepares a report with recommendations on delisting and submits findings to the Committee. |
| 6 | Committee Review - Delisting request evaluated by Committee members | (a) Ombudsperson, (b) Designating State, (c) Member State, (d) Deceased/Defunct Entity |

| | | |
|----|--|---|
| 7 | Initial Decision | <p>- (a) Ombudsperson: If the Ombudsperson recommends delisting, the Committee further deliberates.</p> <p>If the Ombudsperson does not recommend delisting, Petitioner remains listed, unless the Committee decides by consensus to retain the listing, or the matter is referred to the Security Council for a vote.</p> <p>- (b) Designating State: If no objection is received, the delisting request is approved.</p> <p>If one or more Committee members object, the delisting will proceed unless either all members object or at least one member requests that the Chair refer the request to the Security Council for a decision.</p> <p>- (c) Member State and (d) Deceased/Defunct Entity: If no objection is received, the delisting request is approved.</p> <p>If one or more Committee members object, the request is denied.</p> |
| 8 | Further Committee Review | (a) Ombudsperson, (b) Designating State. |
| 9 | Final Committee | <p>- (a) Ombudsperson: If the Committee objects to delisting, the delisting is referred to UN Security Council for a vote.</p> <p>If the Committee does not object, the entity is delisted.</p> <p>- (b) Designating State: If the Committee reaches consensus to maintain the listing, the entity remains listed.</p> <p>If the Committee does not reach consensus, at a Member's request, the Chair refers the delisting request to UN Security Council for a vote.</p> |
| 10 | Referral to UN Security Council (if required) | (a) Ombudsperson, (b) Designating State. |
| 11 | Final Decision by UN Security Council | <p>Does the UN Security Council agree to delist?</p> <p>- If yes, the petitioner/entity is delisted.</p> <p>- If no, the petitioner/individual/entity remains listed.</p> |

Source: United Nations; compiled from various documents by Karam Shaar Advisory Limited.

External Contribution: Entrepreneurship in Syria: A Path to Economic Recovery



Dr. Sinan Hatahet, VP of Investment & Social Impact Program at the Syrian Forum

Syria's economy has been devastated by over a decade of conflict. Entire industries have collapsed, infrastructure has been severely damaged, and millions have been displaced. Traditional recovery methods are necessary but insufficient. Economic revitalization must be driven by a vibrant private sector and, at its core, entrepreneurship. If Syria is to move beyond mere survival and into a phase of real recovery, it must cultivate an environment where new businesses can thrive, create jobs, and rebuild trust in the market.

Before the conflict, small and medium-sized enterprises (SMEs) [contributed 60% of Syria's GDP](#), forming the backbone of the economy. That estimated share has been considerably cut in the last fourteen years, falling victim to systematic extortion tactics from the Assad regime, but also demonstrating how fragile the country's economic foundation has become.

The collapse of SMEs has increased unemployment, driven dependency on humanitarian aid, and deepened economic stagnation. Yet despite these conditions, entrepreneurship has not vanished. It continues to operate in the shadows, largely informal, sustained by resilience rather than structured support. The challenge is transitioning these scattered efforts into a functioning, scalable, and formalized ecosystem.

According to a [recently published study](#) on entrepreneurship in Syria, over 200 startups still operate, focusing mostly on e-commerce, financial technology (fintech), logistics, and food services. Some have managed to carve out space in a highly volatile market, demonstrating that entrepreneurship remains a viable path despite the overwhelming difficulties. While local ingenuity has kept businesses afloat, structural limitations suffocate real expansion. In post-Assad Syria, entrepreneurship is a key tool for reviving its economy. Nevertheless, its promise is hindered by limited access to capital, sanctions, and a lack of regulatory frameworks that support startups.

Syria's financial ecosystem is barren, unlike regional markets that benefit from venture capital, private equity, and angel investors. The majority of startups rely on personal savings or family contributions, while formal investment channels are nearly nonexistent. Grants and entrepreneurial competitions provide small-scale funding but cannot support scalable business models.

Sanctions add another layer of complexity. International investors are hesitant to engage with Syrian startups due to regulatory and compliance risks. Sanctions have restricted Syria's access to global financial systems, limited import/export options, and discouraged international collaboration. The result is an ecosystem that survives on minimal capital, unable to break into high-growth sectors or attract global attention. While sanctions aimed to pressure the regime, they also made it harder for legitimate Syrian businesses to function.

Syria's regulatory framework is a significant barrier to business growth. The registration process is cumbersome, taxation policies are unclear, and the legal framework lacks transparency. Entrepreneurs often resort to informal networks, limiting their ability to scale. A structured approach to regulatory reform—perhaps through creating a semi-independent financial regulatory body—could help Syrian businesses navigate local bureaucracy and international compliance requirements.

The Syrian diaspora is an untapped resource. Over the past decade, Syrian entrepreneurs abroad have built successful businesses, secured funding, and gained expertise in global markets. They adapted quickly to their host countries, leveraging their access to international networks, better funding opportunities, and supportive business environments, thus enabling them to scale and gain global expertise. If appropriately engaged, the diaspora could inject capital, mentorship, and networks into Syria's startup ecosystem. This has worked elsewhere: [Kosovo's diaspora-driven investment strategy](#)

fueled a significant portion of its post-war recovery. Its success stemmed from a structured approach that channeled diaspora investments through safe, transparent mechanisms. By offering tax incentives and streamlining the investment process, the country made it easier for its diaspora to support local businesses. The diaspora's emotional connection, coupled with substantial remittances and knowledge transfer, fueled the growth of SMEs and critical industries, significantly boosting Kosovo's post-war recovery.

Syria's entrepreneurial ecosystem holds significant opportunities. The country has a young, tech-savvy population eager to innovate and solve local problems. Key sectors such as agribusiness, renewable energy, logistics, and digital services remain largely untapped. The rise of e-commerce, fintech, and remote work also presents new possibilities for growth, especially with the proper support from diaspora investors and international partners. If strategic investments are made in infrastructure and skills development, Syrian startups could drive job creation, foster innovation, and play a critical role in rebuilding the economy. However, these opportunities will only materialize if key barriers—financing, regulation, and market access—are addressed.

For Syrian policymakers, streamlining business registration and taxation processes is essential. Special economic zones with business-friendly regulations could encourage local investment. A regulatory framework allowing legal business operations while maintaining compliance with international laws is crucial.

For international donors and investors, funding long-term startup incubators and accelerators would provide stability. Crowdfunding and alternative financing models could help Syrian businesses bypass banking restrictions. Facilitating engagement between the Syrian diaspora and local entrepreneurs would create new funding avenues.

Focusing on lean, scalable business models will improve the resilience of Syrian entrepreneurs. Leveraging international freelancing and remote work opportunities can mitigate local market limitations. Building local and regional networks will create knowledge-sharing opportunities and open new business prospects.

Syria's economic recovery cannot rely solely on foreign aid or government-led initiatives. The private sector—particularly startups and SMEs—must play a leading role. Before the conflict, SMEs contributed 60% of GDP. Despite enormous challenges, Syrian entrepreneurs have shown resilience and creativity. With the proper support, Syria's startup ecosystem can become a major driver of economic stabilization and long-term prosperity.

History has shown that countries emerging from conflict can rebuild through entrepreneurship. But to make it happen, stakeholders must align efforts to break down barriers and create a thriving entrepreneurial landscape. This is not a luxury but a necessity. Entrepreneurship is not only part of Syria's recovery; it is also part of its economic identity.

Interview: The EU's Position Toward Syria: Step-by-Step, Not Step-for-Step



Stefan Schneck, Germany's Special Envoy for Syria

Q: How have recent military and security developments in Syria shifted Germany's policy?

A: It changed everything for us. Previously we adhered to the EU's "three no's" policy: no lifting of sanctions, no normalization, and no reconstruction. This has now turned around. Syria has become of utmost importance for the EU, particularly regarding European stability and the humanitarian and regional challenges it poses. Given the risks involved, we decided it was time to engage. We made our first visit to Mr. al-Sharaa on 17 December, signaling rapid engagement. The shift in Germany's attitude toward Syria has been dramatic.

Q: Within the EU, is Germany advocating to lift all outdated unilateral sectoral sanctions or pursuing a step-by-step approach?

A: This is a first step among many within a step-by-step approach, not a step-for-step approach linked to specific conditions as seen with the UN.

It is about building consensus among 27 member states that will ultimately lead to unified policy. Discussions on lifting sanctions began with the first proposal presented by Germany in December. While the political decision has been made, implementing the suspension of sanctions will take weeks due to the legal frameworks that must be developed.

This process is not directly tied to conditions but reflects Europe's readiness to engage, provided there is no negative regression. We also need to explain this shift to European parliamentarians and the public, particularly regarding engagement with the transitional government. However, lifting sanctions alone is insufficient. A broader improvement in the investment climate, including trust in governance, the rule of law, and an end to corruption, is essential.

Q: What does Germany expect from the Caretaker Government (CG), and how long might this process take?

A: The Aqaba document outlines the need for an inclusive political process. This is not a condition imposed by the West but a recognition that stability and security can only be achieved through inclusiveness. This includes transitional justice, which is essential for human rights, internal peace, and economic development. A process of justice that avoids exclusion or revenge is vital for Syria's future.

Q: Would Germany place geopolitical or security-related demands on the CG, such as economic or social inclusiveness?

A: No, we oppose such linkages. It is crucial that this remains a Syrian-led process. Syrians must negotiate internally to define their interests. Positive developments—such as renationalizing Iranian-held assets—are encouraging, but we believe external demands should not dictate this process.

Q: What immediate and long-term impacts do you expect from suspending sanctions?

A: The suspension targets key areas like finance, transportation, and electricity. It aims to ease challenges directly involving the everyday life of Syrians, such as sending money to Syria, and encourage investments. However, improving Syria's economy requires more than lifting sanctions. An improved investment climate—addressing issues like freedom, security, and corruption—is also necessary. Concrete examples, such as small and medium-sized enterprises led by Syrians returning from abroad, demonstrate the potential for economic revival.

Q: Can you explain in layman's terms what the easing of sanctions involves, particularly regarding the banking sector?

A: It involves suspending sanctions in various areas while extending humanitarian exemptions. The political decision has been made, but details are still being finalized. The intent is to allow financial transactions, making it easier for families to send money or for investments to occur. However, issues like overcompliance will remain challenges. This is not a complete solution, but a step in the right direction.

Q: Are there plans for targeted communication to clarify business opportunities in Syria under the new exemptions, given overcompliance and the time-bound nature of these suspensions?

A: Yes, communication and guidance are necessary, but challenges remain, such as reluctance from banks, general insecurity, and uncertainty about Syria's political future. This will be a gradual process, requiring parallel progress in transitional justice, political development, and economic stability.

Q: How aligned is Germany's foreign policy on Syria with its regional partners and the US, given examples like Iran, where EU efforts to ease sanctions failed without US buy-in?

A: It is essential to have the buy-in of all regional and international partners. The Aqaba process and recent meetings aim to ensure a coordinated approach. Developments on the ground have been rapid, and there is cautious optimism that key actors understand the need for stabilization and cooperation. However, the absence of any major partner could pose significant challenges.

Q: Do you foresee the German government increasing its humanitarian contribution to Syria, particularly for the refugee file? Would Germany consider funding companies like Siemens to rehabilitate power turbines in Deir Ali?

A: The Brussels conference will provide more clarity. Regarding Deir Ali, we have already engaged politically toward long-term reconstruction efforts. Siemens has assessed the situation and is prepared to begin work. Electricity

generation and grid restoration are critical for stabilizing Damascus and Syria as a whole. While Germany typically provides grants, this may involve investment rather than donations, and a financing mechanism will be found.

Q: How does Germany view the current UN designation of HTS, and has it discussed a potential review with EU partners, especially given the US exemptions under its general license?

A: The designation of HTS is primarily a UN issue, decided by P5 members. Germany, as a non-P5 member, has limited influence. The US indeed has issued exemptions under its domestic legislation. In contrast, the EU implements UN decisions without unilateral exemptions.

SYRIA IN FIGURES

What is Syria in Figures?

Syria in Figures is a monthly publication that provides data-driven and insightful analysis of developments shaping Syria's political economy. It prioritizes relevance and novelty, which makes it a vital resource for policymakers, humanitarian implementers, researchers, and other stakeholders attempting to understand Syria's complex landscape.

Recent publications and contributions:

[Strengths and Weaknesses of General License 24 from Syria. \(Observatory of Political and Economic Networks\).](#)

[Networked Authoritarianism and Economic Resilience in Syria \(Brookings Institution\).](#)

[Should Maher Al-Imam Have Been Delisted from EU Sanctions? \(Observatory of Political and Economic Networks\).](#)

[The Captagon Trade from 2015 to 2023 \(Newlines Institute\).](#)

[Syria Economic Monitor-Spring 2024 \(The World Bank\).](#)

Syria in Figures is produced by Karam Shaar Advisory Limited. It is funded by a generous grant from the German Stabilisation Platform (SPF).

The views and opinions expressed in this publication are those of the authors and do not necessarily reflect SPF's official policy or position.

Editor in Chief: Karam Shaar

Coordinator and Contributor: Benjamin Fève.

Contributors: Mohamad Ahmad, Vittorio Maresca di Serracapriola.

Designer: Amin Qurabi.

Copy Editor: Traci Lawrence.

We Value Your Feedback!

Let us know what you think about our newsletter.

Share your thoughts and suggestions with us at Benjamin@karamshaar.com

