



# Syria in Figures

## Making Sense of Syria's Economy

### Ringling the Alarm Bells: Syria May Be Facing Its Worst Drought in Decades

*Rainfall in the first quarter of 2025 was the lowest since 1997, signaling a potential catastrophic drought. The implications for food security, livelihoods, and cholera outbreaks are dire, especially amid declining foreign aid.*

### Signs of Shifting Compositions in Company Registrations

*Since the fall of Assad, Syria has registered 97 new companies, primarily small LLCs in non-productive sectors like trade. Foreign participation is increasing, with notable changes in nationality composition.*

### External Contribution: Aaron Zelin, Senior Fellow at the Washington Institute for Near East Policy

*The Islamic State and al-Qaeda remain weakened but not eliminated; Damascus has thwarted several attacks since Assad's fall. The government's performance in counterterrorism will shape international engagement and Syria's security trajectory.*

### Taxes in Syria, Episode Two: Achieving Social Equity through Direct Taxation

*Direct taxes have declined sharply as Syria's tax base eroded, while regressive fees surged, burdening the poor. Reform is urgent to create a fairer system, broaden revenue, and restore legitimacy in the post-Assad era.*

### Trapped Funds: The Fate of Syrian Deposits in Lebanese Banks

*Billions in Syrian assets remain stuck in Lebanon's collapsed banking system, depriving Syria of crucial reconstruction funds, with no path to recovery in sight.*

### Interview: Karam Bechara, General Manager at Shahba Bank (former Byblos Bank Syria)

*Syria's banks are compliant and ready to reconnect internationally, but recovery hinges on lifting sanctions, Central Bank independence, and rebuilding trust with local and foreign stakeholders.*

# Ringling the Alarm Bells: Syria May Be Facing Its Worst Drought in Decades

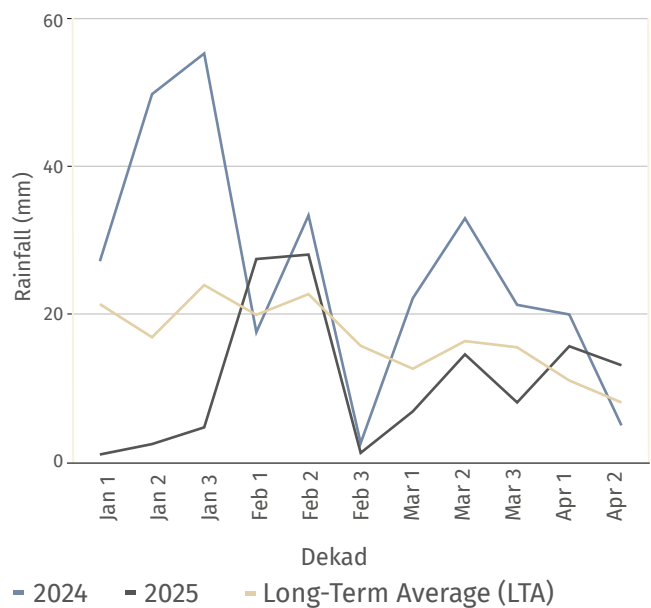
Syria faces an imminent risk of food shortages as it grapples with one of the most severe droughts in recent years. According to [satellite imagery](#), the 2024–2025 agricultural season (planting to harvest spans October–July) marks a stark deterioration compared to previous years, with exceptionally low rainfall, poor vegetation health, and failing crop performance. The outlook is grim: even improved rainfall in the rest of May will not be enough to compensate for the season’s early deficits.

## 2025 Drought in Figures

According to the UN Food and Agriculture Organization (FAO), cumulative rainfall during the first quarter of 2025 [totaled](#) just 94.9 millimeters (mm)—the lowest level since 1997, the earliest year for which FAO [data](#) is available. This is well below the long-term average (1989–2015) of 165.4 mm for the same period and far below the 2019–2024 range of 192.8–298.1 mm in the year’s first trimester. A “[dekad](#)” in the charts below refers to a 10-day period for agricultural and meteorological reporting.

While rainfall briefly recovered, peaking at 28–30 mm during the first two dekads of February, it declined again just as quickly, offering only a short-lived boost to vegetation.

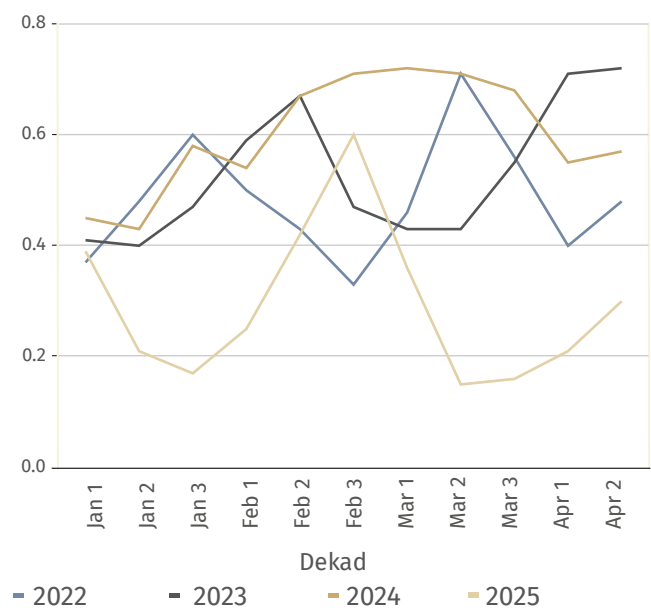
Estimated Rainfall in Syria (First Four Months)



Source: FAO

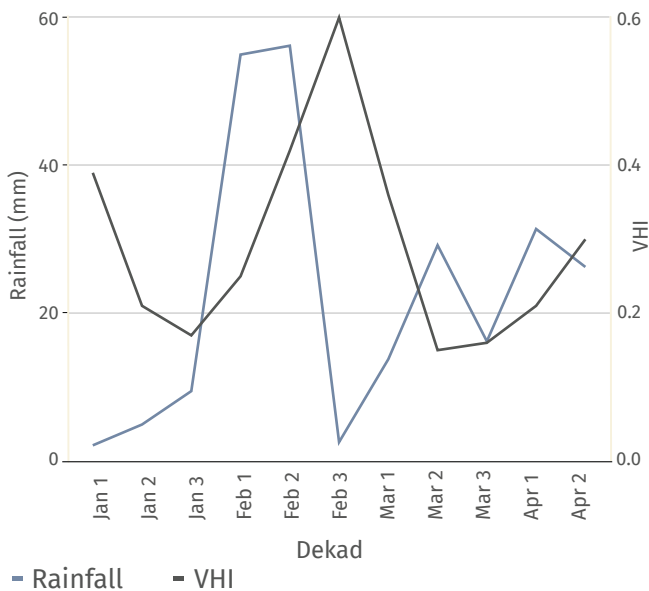
[The Vegetation Health Index \(VHI\)](#), which illustrates the severity of drought based on the vegetation health, rose slightly in late February but dropped sharply in March, bottoming out mid-month.

Vegetation Health Index



Source: FAO

### Estimated Rainfall and Vegetation Health Index



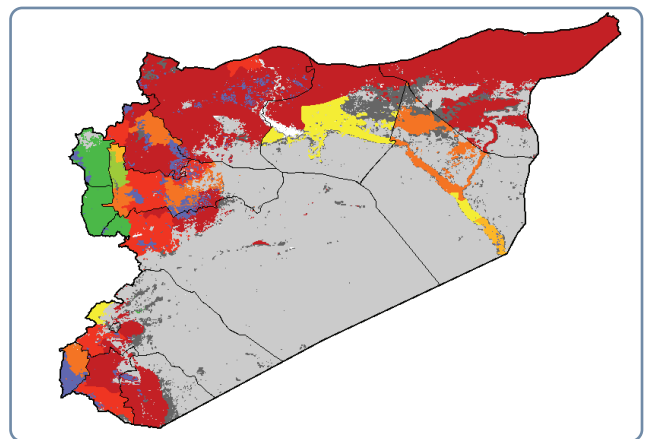
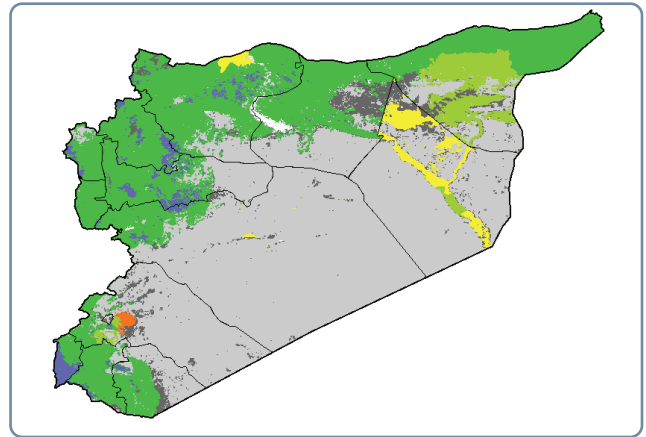
■ Rainfall ■ VHI

Source: FAO

VHI readings for February and March 2025 are 40 to 50% lower than the typical range in previous years. The worst-hit areas include rainfed agricultural zones in [Aleppo](#) and [Idlib](#), but the drought has affected nearly all regions, from [Hasakah](#) in the northeast to [Daraa](#) in the south. In Aleppo, agricultural engineer Yaman Jabbour, interviewed by Karam Shaar Advisory, reported that some fields received no measurable rain at all during February and March, leaving wheat crops completely barren. Despite some moderate rainfall in early April, [harvest forecasts](#) remain well below average. Both the [World Food Programme](#) (WFP) and the EU's [Copernicus Programme](#) (responsible for earth observation and monitoring) anticipate that cereal crops will not recover this season, despite improved rainfall in April.

The growing season for wheat and barley—Syria's [staple crops](#)—typically [spans](#) January to June. To make matters worse, the [October–December](#) planting season was already [delayed](#) in some parts of the country this year due to the [rebel offensive](#) in late November and early December.

### Agricultural Stress Index for the Last Dekad of April (2024 left vs. 2025 right)



**Note:** Percentage of cropland area affected by severe drought. Colors range from light green (<10%) to dark red (≥85%) to indicate severity. Additional categories include off-season (blue), no data (black), no seasons (dark gray), and no cropland (light gray).

Source: [FAO](#)

### Far-Reaching Consequences

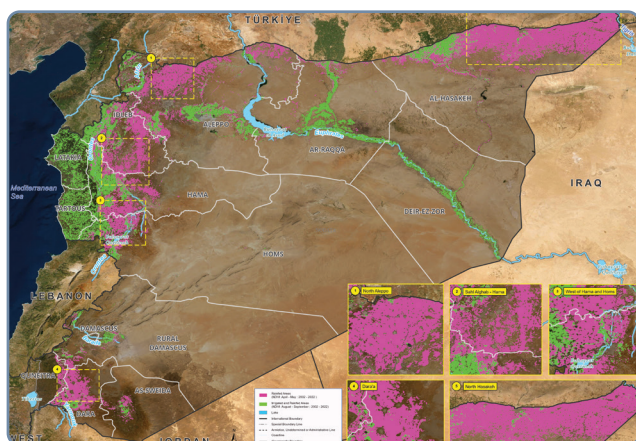
The implications of the ongoing drought are profound, threatening Syria's fragile food security, rural livelihoods, and overall economic stability. Already [weakened](#) by more than a decade of conflict, the agricultural sector is ill-equipped to absorb such shocks. The collapse of rainfed agriculture—on which the majority of farmers depend (78% of cultivated land in 2022 was irrigated, according to the Central Bureau of Statistics)—is expected to

deepen hunger and malnutrition across a country where millions are [already vulnerable](#).

Reliance on irrigated crops offers little reprieve. Much of Syria's irrigated farmland [lies](#) along the Euphrates River, where [water levels](#) have become increasingly erratic. This volatility is driven by irrigation and water infrastructure [damage](#)—particularly in the northeast—and compounded by Türkiye [retaining](#) more water upstream, leading to decreased water levels in the Euphrates. As a result, some areas that previously cultivated irrigated crops—such as cotton, vegetables, and cereals—now depend on rainfall due to damaged irrigation systems and reduced river flow.

According to Syria's Central Bureau of Statistics, as of 2022, 74% of cultivated land (2.78 million hectares) was rainfed, compared to only 26% under irrigation—highlighting the country's vulnerability to rainfall deficits.

### Syria's Irrigated (Green) and Rainfed (Pink) Areas, October 2022



Source: [WFP](#)

This year's harvest is likely to be much lower than last year's, according to the data presented here and local sources.

Yet just as agricultural production is collapsing, humanitarian aid is also in [retreat](#). Funding cuts have forced the WFP to [reduce](#) the number of Syrians it assists, despite rising needs. FAO estimates for 2024 show wheat and barley production have already [declined](#) by 16.1% and 10.3% respectively compared to the previous year.

Syria will need to [import](#) 2.5 million tonnes of cereals to bridge the shortfall. But with [depleted](#) foreign exchange reserves and [declining](#) humanitarian assistance, the government will have to rely on foreign aid. In mid-April 2025, Syria [received](#) its first wheat shipment since the fall of the Assad regime—6,600 tonnes reportedly from Russia—followed by a [reported](#) 220,000-tonne wheat shipment from Iraq. Before the regime's collapse, Damascus regularly [imported](#) 1.2 to 1.5 million tonnes of wheat annually from Russia.

The consequences of the drought extend well beyond agriculture, posing serious risks to human security through reduced access to drinking water and heightened public health threats. In mid-April 2025, Ahmad Darwish, Director General of the General Establishment for Drinking Water and Sanitation in Damascus and Rural Damascus, [warned](#) that ongoing shortages of rainfall and water resources would lead to increased rationing in both governorates. The agency has already [launched](#) public awareness campaigns urging residents to conserve water. And the problem is not confined to Damascus; other urban centers also face [reduced](#) access to potable water.

Health risks are likewise mounting. Droughts [increase cholera risk](#) by limiting water availability and forcing communities to [adopt unsafe practices](#), such as drinking untreated water or reusing water sources. Following Syria's last major drought in [2020–2021](#), the country [experienced](#) its first cholera outbreak since 2008–2009. The outbreak began in the northwest but eventually [affected](#) all governorates, [causing](#) 106 deaths, according to the UN's Cholera Outbreak Situation Report from November 2023. With current drought indicators worse than those recorded in 2020–2021, the risk of another outbreak—particularly if mismanaged—remains high.

Despite the severity of the crisis, both the Syrian caretaker government and the new interim government have taken little to no meaningful steps. Aside from [rain prayers](#) organized by the Caretaker Ministry of Endowments in January 2025, no concrete policy measures have been enacted.



## Signs of Shifting Compositions in Company Registrations

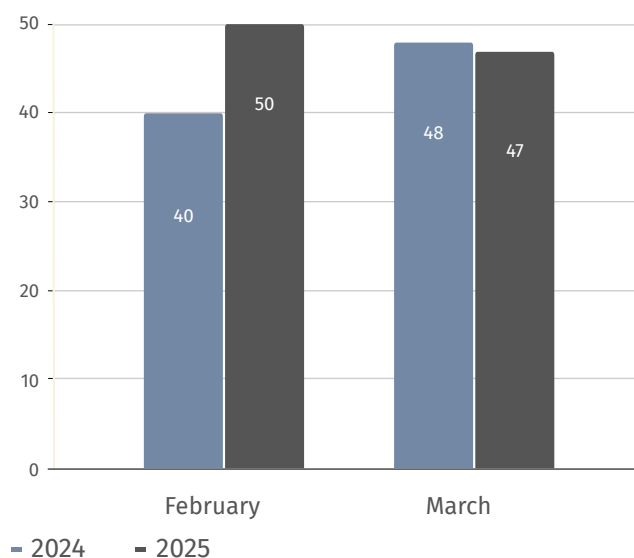
Following the Assad [regime's collapse](#) on 8 December 2024, Syria has seen a modest rise in formal company formation—suggesting continued economic stagnation. As of 26 March 2025 (the latest date for which data is currently available), 97 new companies—all Limited Liability Companies (LLCs) formed under [Legislative Decree 29 of 2011](#) on Companies Law—have been registered and published in Syria's Official Gazette. This publication is required only for companies governed by the Companies Law and excludes broader economic activity, such as individual traders registered under [Law 33 of 2007](#) on the Commercial Code. It also excludes informal workers, which include roaming vendors, manual laborers, and small craftsmen, who operate on a much smaller scale by nature.

The preliminary data presented here is drawn from official company bylaws published in the Official Gazette. The exclusive use of the LLC structure—favored for its simple registration process, low capital requirements, and shield against business debt and liability—suggests a continued preference for regulatory simplicity and risk reduction. Other corporate forms permitted under Syrian law, such as Private and Public Joint-Stock Companies and Holding Companies, have yet to appear in the post-Assad business landscape.

According to the Official Gazette, no new companies were registered between 8 December 2024 and 2 February 2025. The reason remains unclear, as the Ministry of Economy issued no official

decision suspending or resuming registrations. The halt was likely due to [broader disruptions](#) in state functions following the Assad regime's collapse. Registrations resumed in February, with 50 companies established that month and 47 more between 1 and 26 March 2025. Additional companies formed before 26 March may still appear in later Gazette issues due to processing delays, though these are expected to be few. By comparison, 88 companies were established in all of February and March 2024.

Companies Established in Syria Per Month  
(January–March 2025)



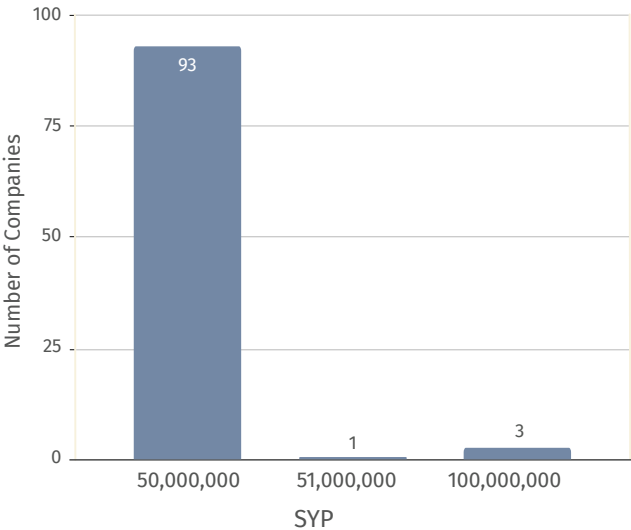
Source: Official Gazette (Data for March 2025 covers the period up to 26 March). Compiled by Karam Shaar Advisory Ltd.

A defining feature of the new companies is the dominance of trading and import-export enterprises. Roughly 80% list import-export among their business activities, while sectors such as cleaning, manufacturing, construction, and IT are far less represented. The near-absence of industrial and agricultural firms suggests that Syria's new economy is, for now, driven by low-capital, fast-turnover commercial ventures rather than substantial

domestic production.

Most companies registered with the legal [minimum capital of SYP 50 million](#) (~USD 5,000 at the time of writing); only four exceeded that threshold. However, declared capital often reflects statutory requirements rather than actual resources, meaning some firms may be better funded than filings indicate.

Number of Companies per Capital (January–March 2025)

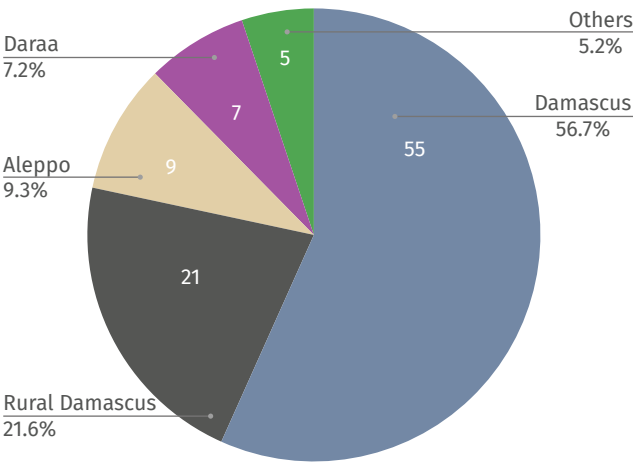


Source: Official Gazette. Data compiled by Karam Shaar Advisory Ltd.

Geographically, Damascus and its surrounding countryside remain the epicenter of business registration. Of the 97 companies, 55 are based in Damascus, 21 in Rural Damascus, and the rest are spread across Aleppo (9), Daraa (7), Homs (3), Latakia (1), and Idlib (1). This distribution largely mirrors 2024 trends, when Damascus and Rural Damascus accounted for 83.1% of all new registrations. However, notable shifts are emerging: Tartous and Latakia—home to 6.4% of new companies in 2024—are now absent, while Daraa, which saw just one company registration last year, has already recorded seven in two months. While it is too early to draw firm conclusions, the decline may reflect that the [security situations](#) in Tartous

and Latakia—once among the [safest areas](#) prior to 8 December 2024—are no longer conducive to business registration.

Companies Established per Governorate (January–March 2025)



Source: Official Gazette. Data compiled by Karam Shaar Advisory Ltd.

### Syrian and Foreign Ownership

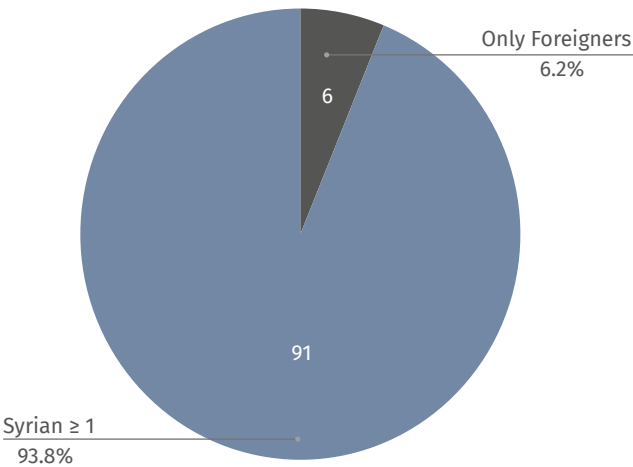
Preliminary data indicates that most newly established companies are owned by Syrian nationals. This likely reflects a mix of factors: unclear [property rights](#), the [impact](#) of ongoing international sanctions on [cross-border capital flows](#), the banking sector [collapse](#), [inflation](#), and the overall [volatility](#) of the early post-Assad period—conditions unfavorable to foreign investors.

Since 8 December 2024, about 90% of newly formed companies have been fully Syrian-owned, while roughly 10% include at least one foreign shareholder. Notably, six are entirely foreign-owned, though legally Syrian entities. In comparison, foreign ownership was significantly higher in the pre-conflict period: in 2010, about 18% of companies had foreign shareholders. By contrast, fewer than 1% of companies in 2024 had foreign

ownership. While foreign participation remains limited, this suggests a modest post-Assad reopening to foreign company shareholders.

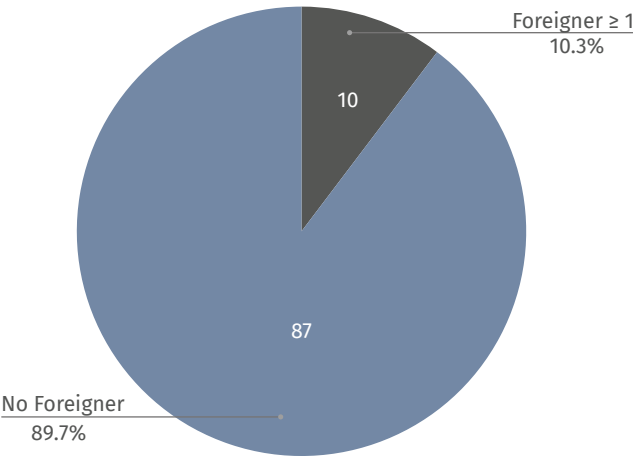
If political and economic stability take hold, Syria could become more attractive to foreign capital, including from the diaspora. The only Western investors identified to date are Canadians with Arabic names—likely members of the diaspora.

Number of Companies with Only Foreign Shareholders



Source: Official Gazette. Data compiled by Karam Shaar Advisory Ltd.

Number of Companies with at Least One Foreign Shareholder (January–March 2025)



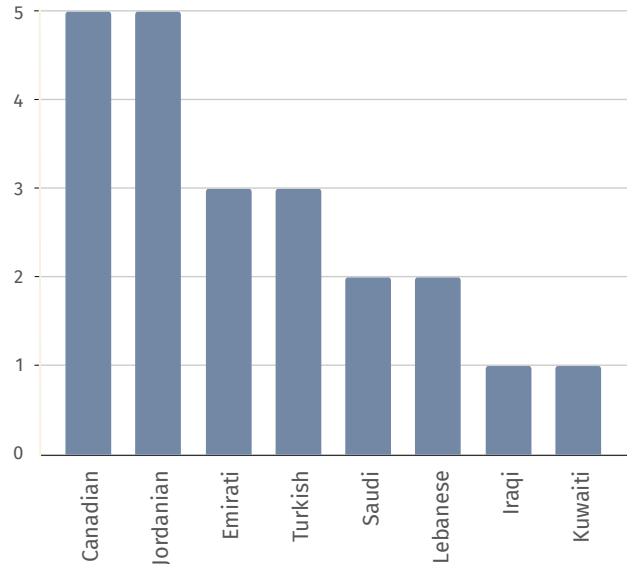
Source: Official Gazette. Data compiled by Karam Shaar Advisory Ltd.

Foreign participation, though still limited, is on the rise. Of the 220 shareholders across the 97 companies,

22 are foreign nationals. The most common investors are Canadians and Jordanians (five each), followed by Emiratis and Turks (three each). By comparison, only 16 foreign nationals were involved in company formations during the same period last year, including three [Iranians](#) and two Chinese nationals, according to primary data collected by Karam Shaar Advisory Ltd. This shift suggests a broader reconfiguration of influence in Syria.

Turkish actors are re-entering Syria’s sphere following Assad’s downfall—particularly in former regime-held areas—after years of prior disengagement. Turkish investment is particularly noteworthy. Between 2013 and 2024, when official Syrian-Turkish relations were largely frozen, only 16 Turkish nationals participated in Syrian company registrations.

Nationality of Foreign Shareholders (January–March 2025)



Source: Official Gazette. Data compiled by Karam Shaar Advisory Ltd.

In addition to the 97 Syrian-registered firms, one foreign company—Ajel International Trade Company, a Turkish firm—has been established since the regime’s fall. The company’s bylaws cover a wide range of sectors, including



food industries, engineering, contracting, logistics, tourism, consultancy, fuel stations, import-export, and tenders under Syrian law. Registered with a capital of TRY 20 million (~USD 520,000), Ajel International's capitalization is equivalent in dollar terms to the combined declared capital of all 97 Syrian companies. This marks the first Turkish firm to open a branch in a formerly-held Assad regime area since 2011.

Ajel International is [headquartered](#) in Fatih, Istanbul's Syrian diaspora [hub](#), suggesting potential diaspora ties. The company's Syrian branch is managed by a Syrian director, with a Saudi national serving as vice-manager, according to the Official Gazette viewed by Karam Shaar Advisory.

Between 2020 and 2024, only 28 foreign companies were registered in Syria, including ten Russian, three Iranian, and three Emirati firms. This contrasts sharply with the pre-uprising period (2006–2010), when 133 foreign companies were established.

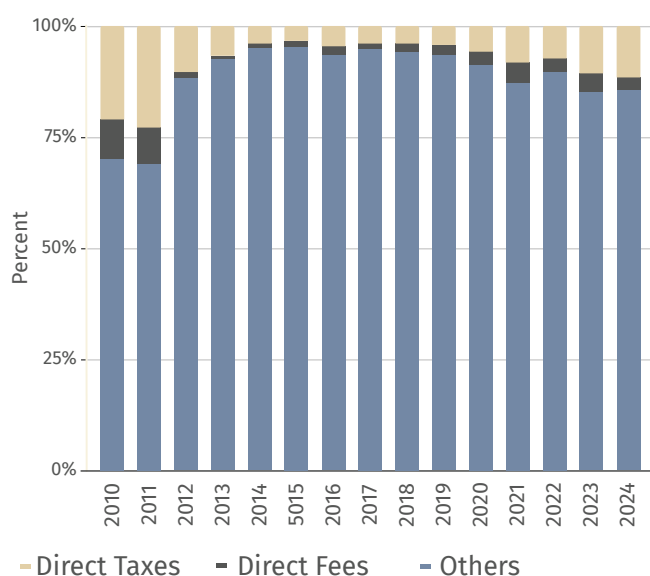
While foreign participation is crucial for the country's recovery, early signs show promise but remain insufficient to significantly impact economic activity.

## Taxes in Syria, Episode Two: Achieving Social Equity through Direct Taxation

In the [previous issue](#) of *Syria in Figures*, we introduced the [Syrian Interim Government's](#) ongoing efforts to reform the national tax system, highlighting changes it has undergone since the start of the conflict in 2011. This article turns to direct taxation.

Direct taxes—such as income, corporate, and property taxes—are paid directly to the government by individuals or businesses. Unlike indirect taxes, which are embedded in the prices of goods and services and passed on to consumers, direct taxes are borne by the taxpayer.

State Budget Revenue Sources



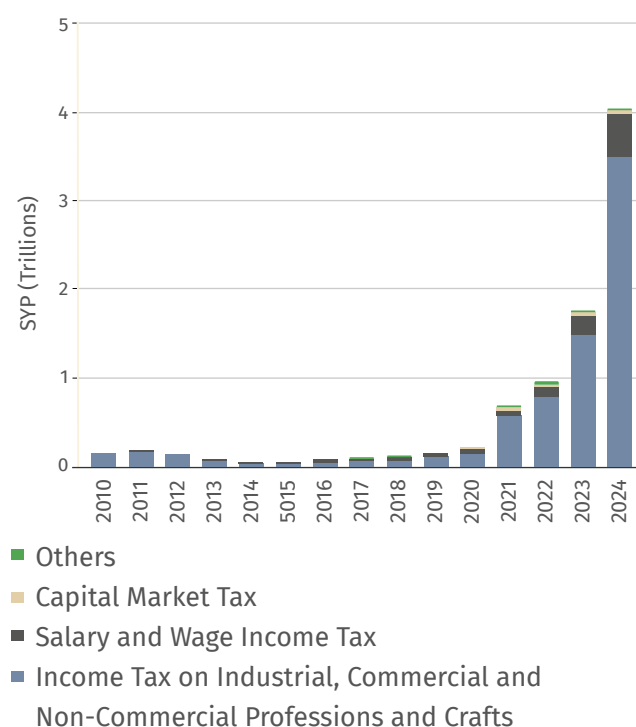
Source: State Budget, accessed through the Official Gazette. Data compiled by Karam Shaar Advisory Ltd.

### Direct Taxes in Decline

The share of direct taxes in total government revenue dropped sharply during the conflict, falling from 21% in 2010 to just 11% by 2024, according to state budget figures (see chart above). This decline reflects a broader erosion of tax and fee revenues, driven by the [expansion](#) of the informal economy and widespread tax evasion. Although the

nominal value of direct tax revenues has increased—from SYP 157.3 billion to SYP 4.0 trillion—this is largely the [result](#) of inflation and currency depreciation, not a sign of economic recovery or more effective tax collection. In US dollar terms, expected revenue from direct taxes fell from USD 4.8 billion in 2010 to just USD 400 million in 2024.

Composition of Direct Taxes



Source: State Budget, accessed through the Official Gazette. Data compiled by Karam Shaar Advisory Ltd.

Since 2010, the largest share of direct tax revenue in Syria has come from income taxes on industrial, commercial, and non-commercial professions and crafts. These are followed by salary and wage taxes, which contributed 12.2% in 2024 (see chart above). Both categories fall under [Income Tax Law 24 of 2003](#), which underwent extensive [revisions](#) in its [early years](#) to [improve](#) fairness and transparency.

For employees, taxes are withheld at the source by employers; for business

owners and self-employed workers, income must be self-declared. Syria [applies](#) a progressive income tax system; since 2011, various amendments have [adjusted](#) tax brackets to reflect inflation and rising nominal wages, with the [latest](#) taking effect at the beginning of 2024. A progressive structure ensures higher earners contribute more, while lower-income individuals benefit from reduced rates. Small pensions are [exempt](#), and taxpayers have the right to appeal assessments. Penalties for noncompliance [range](#) from 10% to 120% of the tax due, depending on the severity of the violation.

The [Income Law](#) also governs taxation on income from industrial, commercial, and non-commercial activities, including business profits, trades, and professional services. Taxable income is assessed [based](#) on net profits and subject to progressive rates. Certain sectors—such as agriculture and cooperatives—are [exempt](#).

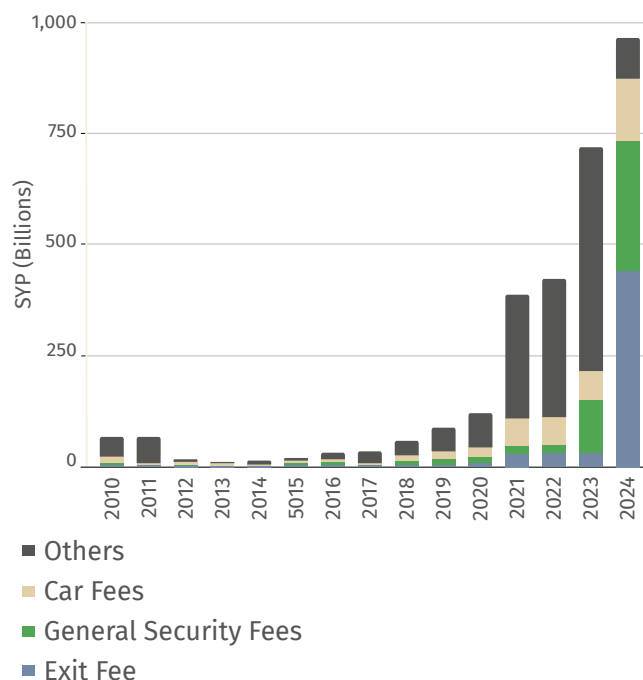
In total, income and salary taxes [accounted](#) for 99% of direct tax revenue in 2024. The remaining 1% [came](#) from four minor taxes: the capital market tax, real estate income tax, land value tax, and livestock tax. While no revenue has been projected from the livestock tax since 2020, the 2023 end-of-year audit shows that 3 million SYP (about USD 260) was still collected—indicating it has not been formally abolished.

### Direct Fees Holding Better

Unlike taxes, fees have remained a more stable revenue source for the government, with relatively low evasion risk. However, they place a significant [burden](#) on residents. For example, cars were historically subject to [more than](#)

[ten](#) direct and indirect fees [applied](#) under various labels, making ownership [prohibitively expensive](#) in regime-held areas before Assad’s downfall.

Composition of Direct Fees



Source: State Budget, accessed through the Official Gazette. Data compiled by Karam Shaar Advisory Ltd.

Based on 2024 projections, the largest share of direct fee revenue came from the exit fee, which was expected to generate 84% of the total (see chart above). Originally regulated under [Legislative Decree 31 of 2008](#) and last adjusted in [2022](#), this fee is imposed on individuals and vehicles departing the country by air, land, or sea. Exemptions apply to diplomats, official delegations, and others, in line with reciprocity and operational needs.

The second-largest source of direct fee revenue in 2024 was the so-called “general security fee,” primarily linked to passports, [residence permits](#), and fines for overstaying visas or permits. These fees have [risen steadily](#) since 2011, with the most recent hike in early 2024 [increasing](#) costs more than fourfold. This category moved from sixth place in 2010 to second by 2024,

capitalizing on the regime's monopoly over official documentation.

Direct fees tied to car purchases ranked third, reflecting the regime's reliance on vehicle-related revenues.

Other direct fees in 2024 included charges for property transfers and real estate registration, exit permits, weapon licenses, investment transfers, irrigation, environmental protection, estate transfers, wills, and gifts.

### **Toward a Fairer Tax System**

Syria's direct tax system has become increasingly unbalanced. Income and salary taxes now account for nearly all direct tax revenue, while capital and wealth-based taxes—such as real estate income tax, land value tax, and capital market tax—have nearly disappeared. This shift reflects both a shrinking tax base and the state's diminished ability to assess and collect taxes on assets and high-value property. Meanwhile, direct fees—especially those tied to passports, permits, and services—have surged. Though easier to enforce, these fees are regressive.

These trends show a clear move toward a more regressive revenue model. While the system is formally [designed](#) to redistribute wealth through progressive rates and exemptions, this is not the reality.

Beyond imbalances in direct tax and fee collection, several structural flaws currently limit the Interim Government's ability to generate revenue effectively. Chief among these is the [outdated approach](#) of taxing each income source separately, which prevents authorities from assessing total income. Businesses

also face significant distortions: large firms are taxed through lump-sum assessments similar to those applied to small vendors, resulting in unequal treatment. Widespread tax evasion further undermines the system—official data from 2022 estimates that [SYP 2.2 trillion](#) (around USD 100 million) in business turnover went undeclared.

In the context of deepening inequality and [poverty](#), [reform](#) is not optional—it is urgent. The interim authorities' [pledge](#) to establish a transparent and inclusive tax system presents a rare opportunity to embed [reforms](#) that can restore state legitimacy and help prevent renewed conflict driven by deprivation.

Priorities for reform should include introducing a unified, progressive income tax based on total earnings, replacing lump-sum business assessments with profit-based taxation, and reactivating dormant capital and property taxes, especially in urban areas where asset values remain high. These measures, combined with improved enforcement, targeted audits, and investment in tax administration, can help expand the revenue base in a fairer and more sustainable manner.

## Trapped Funds: The Fate of Syrian Deposits in Lebanese Banks

For years, Lebanese banks [served](#) as a financial lifeline for Syrians seeking stability amid war, economic turmoil, and sanctions—offering access to US dollars (USD), trade channels, and relatively secure deposits. Syrian businessmen, elites, and government-linked entities held billions of USD in these institutions. But in October 2019, Lebanon’s banking system [collapsed](#) virtually overnight. Transfers abroad were blocked and depositors were [locked out](#) of their savings, [trapping over](#) USD 120 billion in foreign currency deposits. Thousands of Syrian depositors were suddenly [cut off](#) from their funds, losing a critical safety net.

Beyond Lebanon, the fallout was [immediate and severe](#) in Syria. As dollar flows dried up, the Syrian pound (SYP) [plunged](#), inflation [surged](#), and the cost of essential imports rose sharply. The deep financial ties between the two countries meant that Syria’s fragile economy [absorbed](#) some of Lebanon’s shock, compounding its own collapse. However, isolating the specific impact of Lebanon’s crisis is difficult, as Syria was also grappling with external shocks such as the [US Caesar Act](#).

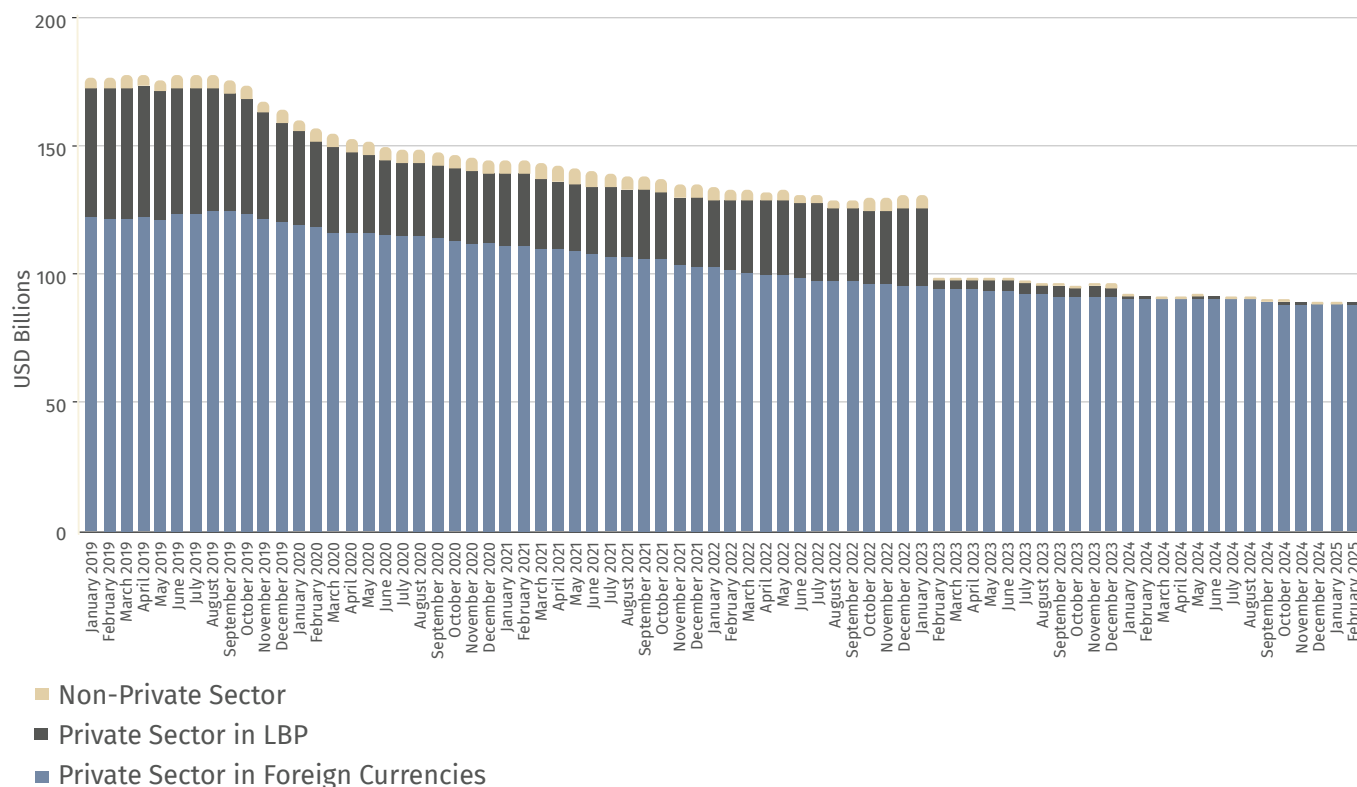
Today, following the collapse of the Assad regime and in the context of reconstruction, Syrian authorities [have reached](#) out to their Lebanese counterparts in search of a solution to the blocked deposits—funds that could prove vital to jumpstarting recovery.

One of the most striking aspects of the crisis is the legal vacuum surrounding Lebanon’s banking restrictions. Despite the effective freezing of accounts since

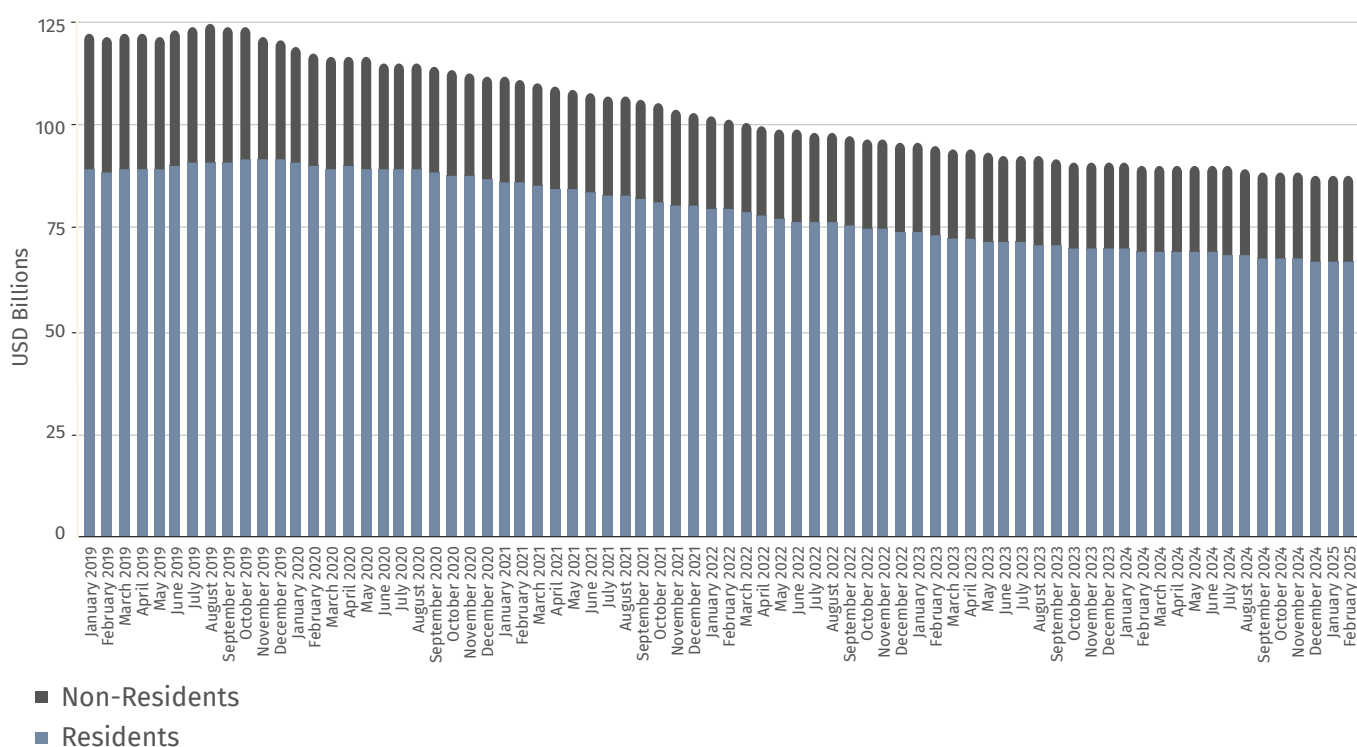
2019, [no formal capital control law](#) has been enacted. This leaves Syrian depositors with little legal recourse to recover their funds. While some Lebanese citizens [have taken](#) banks to court, Syrian clients face additional obstacles, including limited legal standing, political sensitivities, and scrutiny over the origins of [certain deposits](#).



## Total Deposits in the Lebanese Commercial Banks



## Private Sector Foreign Currency Deposits in Commercial Banks



This legal vacuum is especially concerning given the scale of Syrian-owned assets believed to be stuck in Lebanese banks—potentially amounting to several billion dollars. Yet the true value of these deposits remains highly contested. The Central

Bank of Lebanon (CBL) does not disaggregate deposit data by nationality, only by residency, making it nearly impossible to determine how much is held by Syrians.

For example, in January 2020 the CBL

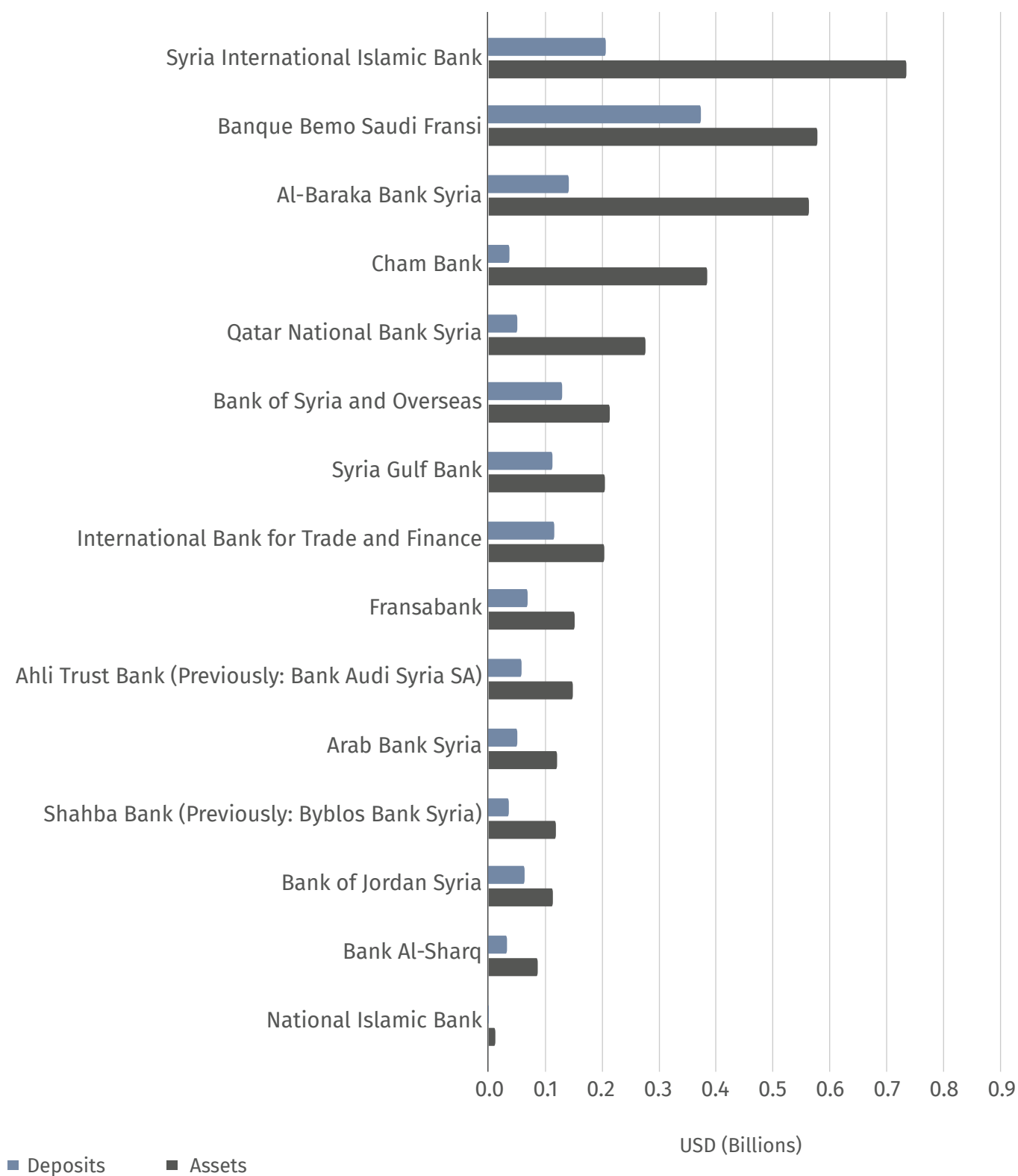
estimated the non-resident private sector deposits in foreign currencies at Lebanese commercial banks at USD 28.4 billion. By January 2025, this had [dropped](#) to USD 20.9 billion. Assuming that only a small share of these accounts were opened by dual Syrian-Lebanese nationals under Lebanese citizenship, these figures offer a rough upper bound for Syrian deposits—since not all foreign non-resident accounts belong to Syrians.

It is therefore unlikely that a 2020 report by [Information International](#), a Beirut-based research consultancy, [estimating](#) Syrian deposits at USD 37–40 billion, is plausible. That same year, former Syrian president Bashar al-Assad publicly [cited](#) figures of USD 20–42 billion; the upper end of this range is [also exaggerated](#). Without clear justification, Lebanese media and banking officials countered with more conservative estimates of [USD 6 billion](#) to [USD 7 billion](#) in 2020.

In the following years, overall bank [deposits](#) in Lebanon declined, with no reason to believe that Syrian deposits were spared. Like other depositors, Syrian depositors took advantage of the [CBL policies](#) permitting limited withdrawals at unfavorable rates, gradually depleting account balances. As a result, by 2025, the former head of Lebanon’s Banking Control Commission [stated](#) that Syrian deposits do not exceed USD 3 billion. A 2025 report citing financial insiders in Beirut [confirmed](#) this estimate, while sources close to Syrian interim president Ahmad al-Sharaa [placed](#) the total between USD 3 and USD 4 billion.

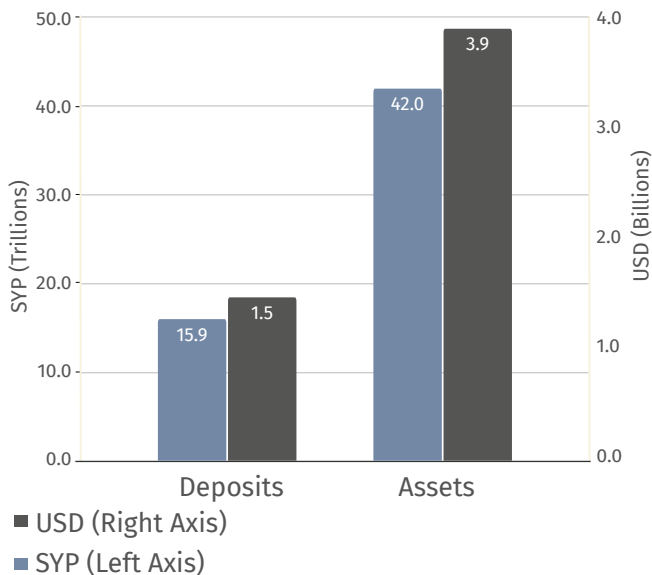
To grasp the significance of these figures, consider that the entire Syrian private banking sector—comprising 15 banks—[held](#) deposits amounting to SYP 15.9 trillion, or roughly USD 1.5 billion. In other words, even the most conservative estimates of Syrian funds trapped in Lebanon exceed all deposits held across Syria’s private banks. Trapped deposits also nearly match the private banking sector’s total assets of SYP 42 trillion in 2024, equivalent to around USD 3.9 billion at the average parallel-market rate of SYP 10,750 per USD. This stark comparison underscores not only the scale of the loss but also the extent to which Lebanon served as Syria’s financial nerve center. Its collapse left Syria not just poorer, but structurally weaker.

## Private Sector Banks Assets and Deposits (2023)



Source: Private sector banks' 2023 annual reports, compiled by Karam Shaar Advisory Ltd.

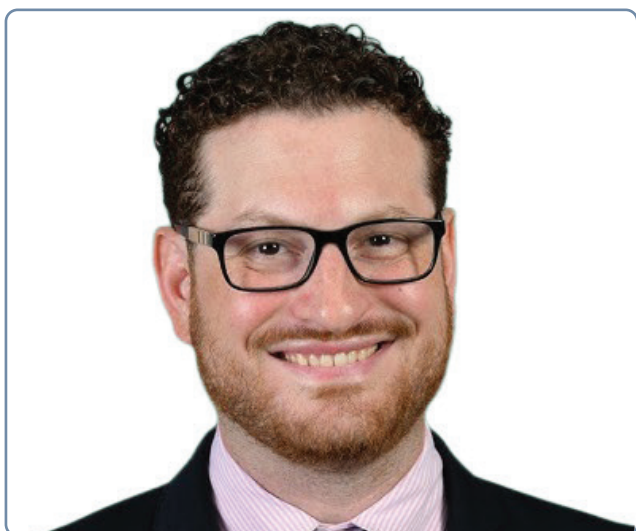
### Private Sector Banks Total Assets and Deposits (2023)



As of May 2025, the prospects for recovering Syrian deposits trapped in Lebanese banks remain bleak, with no clear path to resolution. The Lebanese government’s proposed solutions to its banking crisis, including a draft banking reform law [passed](#) in April 2025 to align with [IMF requirements](#), do [not distinguish](#) depositors by nationality, complicating efforts to address Syrian claims specifically. Lebanese officials are [prioritizing](#) broader financial reforms, such as recapitalizing viable banks and refunding small depositors, as outlined by the new CBL governor in April 2025. These measures, however, have yet to offer immediate relief, and their ultimate impact remains uncertain due to the unknown distribution (“large” vs. “small” deposits).

Following Interim President Sharaa’s [meeting](#) with former Lebanese Prime Minister Najib Mikati to discuss the issue of Syrian deposits—highlighting their importance for reconstruction—no agreement was reached.

## The New Syrian Government and the Current Status of the Islamic State and al-Qaeda in Syria



By Aaron Y. Zelin, Senior Fellow at the Washington Institute for Near East Policy

Nearly six months after the fall of the Assad regime, Syria's new government faces immense challenges following fourteen years of civil war. One key issue is the ongoing [threat](#) posed by the Islamic State of Iraq and the Levant (ISIL) and al-Qaeda, both a domestic security concern and a test of the Interim Government's (IG) credibility in the eyes of Western powers. The US-led [Global Coalition](#) has spent nearly a decade combating ISIL in Syria and continues to [target](#) al-Qaeda operatives. If Damascus can demonstrate competence in countering these groups, it may ease international concerns rooted in the IG leadership's [past ties](#)—having broken with ISIL in [2013](#) and al-Qaeda in [2016](#). The current leadership, once part of [Jabhat al-Nusra](#) and later [Hayat Tahrir al-Sham](#) (HTS), has now been unaffiliated with ISIL for twelve years and al-Qaeda for nine.

**The State of the ISIL Insurgency and Terrorism Campaign In Syria**

Since the [collapse](#) of its territorial control six years ago, ISIL has been in steady decline. However, the threat has not disappeared. The group maintains a low-level insurgency in northeastern and eastern Syria and [continues to target](#) urban areas and minority communities. This was reiterated with the group's car [bomb attack](#) on a security post in al-Mayadeen in Deir Ezzor governorate on May 18 that killed 5 from the Syrian security services. As of 15 May 2025 it had [claimed](#) 33 attacks, which is on pace to forecast 89 attacks for the entire year if the trend continues. This would be the lowest since the group's entry into Syria in 2013. All reported attacks have occurred in areas controlled by the US-backed Syrian Democratic Forces (SDF).

While the group's own claims are notable, they have been known to [underreport](#) since 2020. As a corrective, the [Rojava Information Center](#)—despite its proximity to the SDF—[claims](#) that ISIL conducted 55 attacks in the first four months of 2025, projecting 165 by year's end. Even this would mark the lowest number since the Center began tracking in 2019.

We have yet to see a successful ISIL attack in the territory that the IG controls, though not for a lack of trying. ISIL has dedicated at least a half-dozen of its weekly [al-Naba newsletter](#) editorials since the fall of the Assad regime to denouncing the new Syrian government as apostates and branding it a tyrannical force on par with other regimes in the region.



On 11 January 2025, the IG [foiled](#) a plot in Damascus to bomb the Sayyida Zainab shrine—a prominent Shi’a site in the Damascus suburbs—aimed at sparking sectarian unrest. According to *The Washington Post*, US intelligence [tipped](#) off Damascus, marking an early test of cooperation. In interrogations [released](#) by the Ministry of Interior, suspects confessed to planning a failed car bombing targeting a church in Maaloula on New Year’s Day, and to plotting the assassination of President Ahmad al-Sharaa if he had attended the shrine.

On 15 February 2025, the Public Security Directorate [arrested](#) Abu al-Harith al-Iraqi, a senior leader in ISIL’s Iraq Province, who had been involved in the [assassination](#) of former senior HTS leader Abu Mariyah al-Qahtani in April 2024 and also helped organize the failed Sayyida Zainab plot. The arrests relating to the latter plot appear to have led to intelligence that allowed Damascus to find Abu al-Harith.

In addition, the Public Security Directorate arrested ISIL cells in the towns of al-Naima ([18 February](#)) and al-Sanamayn ([6 March](#)) in Daraa governorate, as well as most recently in eastern Aleppo ([17 May](#)). Since then, the situation has remained relatively calm, though rumors persist that ISIL operatives [from the Homs badiyah](#) (desert region) have moved into urban areas. So far, worst-case scenarios have not materialized, though vigilance remains essential for both Damascus and the Global Coalition.

Beyond attacks and plots, a persistent concern is the network of detention centers and IDP camps housing ISIL affiliates. Roughly 9,000 male ISIL

fighters [remain](#) in detention in northeast Syria, while al-Hol—still the largest IDP camp—[holds](#) 34,068 women and children considered ISIL affiliates, down from a peak of [72,000](#) in 2019. These facilities remain high-value targets for ISIL breakouts and are frequently referenced in the group’s propaganda.

### **Al-Qaeda’s Defunct Branch—Huras al-Din**

Al-Qaeda’s presence in Syria has all but vanished. Its former branch, Huras al-Din, formally [dissolved](#) itself in late January 2025, though it claimed it would retain its weapons. This marked a symbolic end to al-Qaeda’s failed efforts in Syria since 2011. Jabhat al-Nusrah, once an affiliate, broke with al-Qaeda in July 2016. Al-Qaeda attempted to reestablish a foothold via Huras al-Din in [February 2018](#), but that group was eventually [dismantled by](#) HTS (formerly known as Jabhat al-Nusrah) in June 2020 and ceased to be operationally relevant thereafter.

Since Huras al-Din’s dissolution, no public incidents of violence involving its remnants have been recorded. Nonetheless, US CENTCOM has continued targeting individuals linked to the group, [announcing](#) four airstrikes so far in 2025. It is plausible that the new Syrian government is providing intelligence on these operatives. Earlier this year, Turkish Foreign Minister Hakan Fidan confirmed in an [interview](#) with France24 that Türkiye had long acted as a conduit for intelligence from HTS to the Global Coalition—a claim that had long been suspected but not previously acknowledged.

Al-Qaeda’s leadership, sidelined and

increasingly irrelevant, has attempted to revive attention through recycled messaging. In early May, it [republished](#) a 2011 video originally directed at Libya, repurposing it as a warning to Syrians about the risks of not implementing Islamic law. The move highlighted the group's current detachment from Syria's evolving landscape.

While jihadist groups have proven resilient in the past, neither al-Qaeda nor ISIL currently pose a large-scale threat to daily life in post-Assad Syria. That could change if economic conditions continue to deteriorate and sanctions remain in place. Should the IG be perceived as illegitimate or ineffective, it could create an ideological opening for these extremist actors to reassert influence—arguing that engagement with the West is futile. Preventing that scenario requires sustained attention and support. The stakes extend beyond Syria's borders, with serious implications for regional and international security.

## Interview: Karam Bechara, General Manager at Shahba Bank (former Byblos Bank Syria)



**Based on the recent news about President Donald Trump and the United States (US) administration wanting to lift sanctions on Syria, what is your reaction to this?**

It's very positive. The most important indicator for me is the policy shift by the US: from total denial to recognizing Syria and the Syrian people. The meeting between President Trump and President Ahmad Al-Sharaa was a very positive signal, showing goodwill. Today, we have to understand that, from a legal point of view, the US sanctions began in 1979 and are very complex. Not all of them will be lifted easily or immediately. Now we're waiting for the US Treasury to issue a press release or plan clarifying what will be lifted and what will take more time.

**What about [General License 24](#) and the [partial suspension of sanctions](#) by the EU? Have these had any impact on Syria's banking sector?**

In practice, no. We contacted several banks in Europe and the Gulf, but none are willing to engage unless they are sure these measures will be extended or made permanent. However, banks in

Syria remain optimistic, especially with the appointment of a [new Central Bank governor](#) who met with us recently. If sanctions are lifted, we believe it will open the door to foreign investment and the return of Syrian capital.

**Beyond sanctions, compliance remains a key issue. Syria's banking sector has been disconnected from global systems for over a decade. Are Syrian banks ready to meet international compliance standards on anti-money laundering and counter-terrorism financing (AML/CFT)?**

Absolutely. Despite the disconnect, most Syrian banks have continued to apply international compliance standards. We use the same compliance screening systems as international banks to detect suspicious transactions and ensure AML/CFT compliance. Thus, adapting to FATF or other international standards would take only a few weeks or months at most. Should sanctions be lifted tomorrow, and we wanted to initiate a relationship with a correspondent bank, we would just need to fill in the usual questionnaires. We've done this many times.

We also believe that once sanctions are lifted, foreign banks will be open to re-engaging—provided their due diligence confirms compliance, AML frameworks, and financial soundness. While Syrian banks are generally under-capitalized, we expect strategic partners to step in and recapitalize their Syrian subsidiaries, enabling us to meet international standards and resume correspondent banking relationships.

As for Shahba Bank specifically, we are already in full compliance with international norms. We've adopted [Basel \[Accord\] II](#) and are partially compliant with [Basel \[Accord\] III](#), particularly regarding capital adequacy. We are confident in our ability to rejoin the international banking system without needing outside technical support.

**How would you assess the current relationship between the Central Bank of Syria and private banks, especially under the new leadership? Can the Central Bank genuinely become independent within Syria's new political context?**

We are entering a new phase with the new governor, Dr. Abdulkader Husarieh. The entire economic framework is being redefined. New roles are being assigned to the Central Bank, the Ministry of Finance, and the Ministry of Economy and Industry. The aim is to build a more modern and functional economic system. Whether the Central Bank can truly become independent depends on the government's intentions. If they are serious about implementing this vision, it is achievable. The fundamentals are clear. However, it will be challenging given the entrenched bureaucracy and the complexities of the current decision-making structure.

**After the fall of the Assad regime, many were surprised by the emergence of a liquidity crisis. How do you explain the current situation, and how do you assess recent Central Bank decisions like restrictions on transfers and withdrawals?**

What we are facing isn't a liquidity crisis, but a cash crisis. Banks have

liquidity on their balance sheets, but there is not enough physical cash in circulation to sustain Syria's heavily cash-based economy. No one really knows how much cash is actually in the country or within the banking system. These figures were managed opaquely by the previous regime, and the new leadership is still adapting. Recent Central Bank decisions, including transfer and withdrawal limits, are short-term fixes. But the broader direction under the new governor is toward restoring fundamentals and building an independent, stability-focused institution. To alleviate the cash crisis, the Central Bank could start by issuing higher-denomination notes and withdrawing smaller ones. If managed carefully, this process would minimize inflationary risks and avoid broader economic destabilization.

**Given Syria's cash-based economy and widespread mistrust in the financial system, how is your bank working to rebuild trust with customers?**

We have to show our customers that we are transparent and reassure them that the system is functioning and accessible. We explain our resources and how we manage them. Our ATMs are usually stocked and operational, allowing people to withdraw salaries easily. For larger clients, such as traders and industrialists, we offer trade finance facilities to help them use their funds to import goods. These steps are helping to rebuild confidence.

**Besides lifting sanctions, what are the top three policy steps that could help restore Syria's banking sector?**

First, rebuild local trust. We should encourage Syrians to use banks again

and transition away from cash transactions. This requires making people feel safe from tax authorities and confident in the system.

Second, ensure Central Bank independence. The Central Bank must have autonomy to fulfill its regulatory role, including setting interest rates based on market conditions, not administrative decisions.

Third, re-establish international trust. Re-engage with foreign correspondent banks by being transparent, sharing data, and rebuilding credibility. This could be achieved within three to six months once sanctions are lifted.



# 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:

[It's Time to End the EU's Assad-Era Sanctions on Syria \(Middle East Institute\)](#)

[Syrian Mercenaries in Ukraine \(Observatory of Political and Economic Networks\)](#)

[Iran's Economic Involvement in Syria and its Implications, 2011–2024 \(Observatory of Political and Economic Networks\)](#)

[Russia's Economic Footprint in Syria and the Implications of Assad's Downfall \(Observatory of Political and Economic Networks\)](#)

[Syria and the FATF Gray List: Barriers to Financial Reintegration and Pathways Forward \(Observatory of Political and Economic Networks\)](#)

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