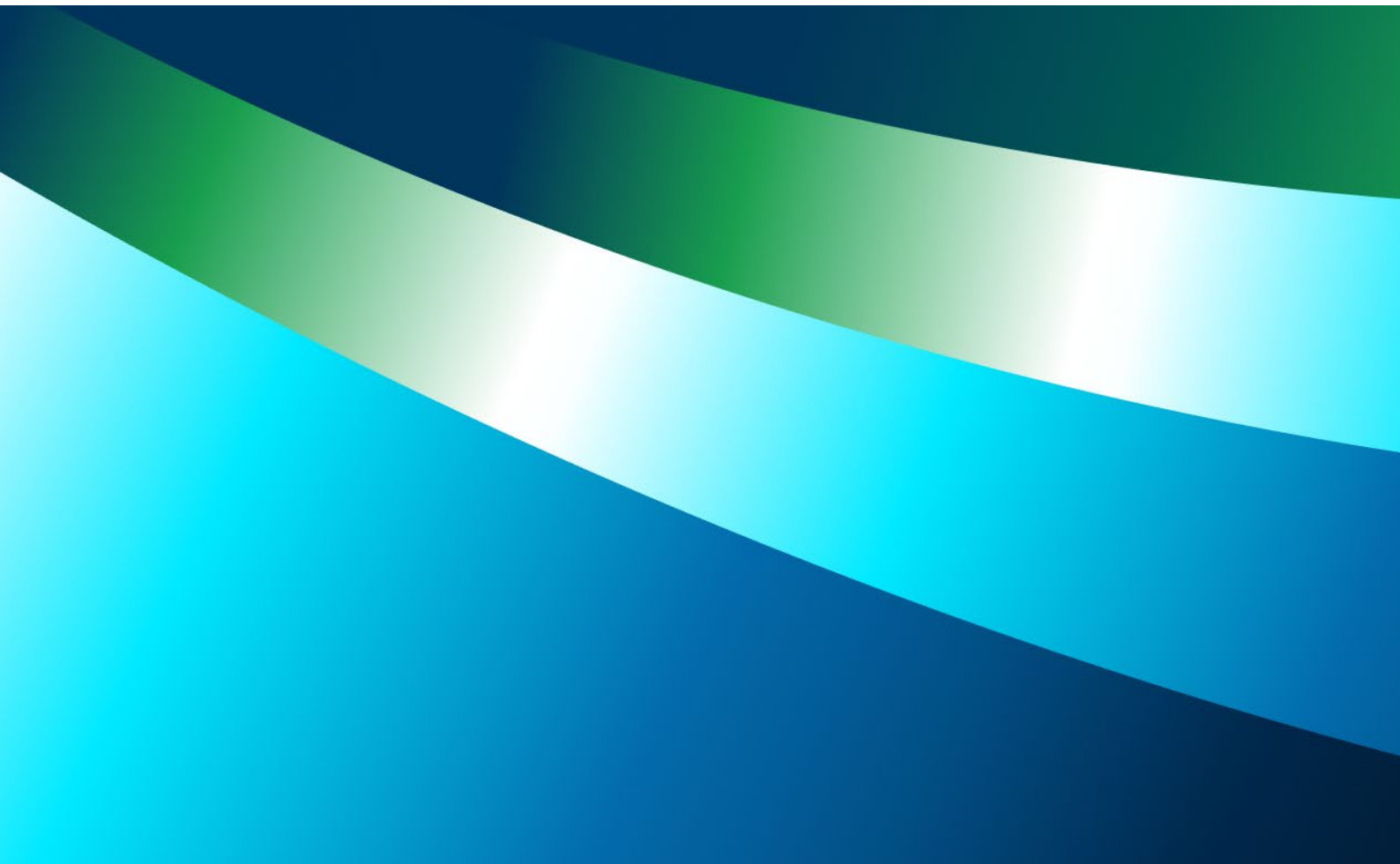
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Geoeconomic risks | Market entry

New Syria: on Opportunities and Opportunism

With Ahmed al-Sharaa at the helm, Syria seems more open to foreign investment than at any point in the 21st century. This paper examines Russia's accumulated political capital and whether — and how — it can translate into access and influence under the current administration, the competitive positioning of global and regional stakeholders and optimal long-term strategies for establishing a presence in the Syrian market.

Syria | USA | Russia | Saudi Arabia | Lebanon | Qatar | Israel | UAE | Turkey



Executive summary

Syria is entering a reconstruction cycle focused first on restoring physical infrastructure and rebuilding the institutional capacity required to absorb larger investment flows. Current tenders and major investment agreements already point to activity across energy, transport, ports, aviation, healthcare, telecommunications and real estate, while reforms to banking, payments, investment regulation and financial oversight are laying the foundations for broader private-sector participation. The immediate opportunity is therefore less about extracting high returns from a mature market than about participating in the formation of the market itself.

This creates a distinct advantage for early-stage investors. Projects launched today may offer less predictable returns than those undertaken once infrastructure, regulation and consumer demand have recovered, but early entrants can establish relationships with central authorities, local administrations, business networks and communities, gain familiarity with an evolving stakeholder environment and influence the standards and practices around emerging sectors. For many civilian projects, long-term returns will ultimately depend on the purchasing power and mobility of their end users. Investment can support this process through job creation and local economic activity, but sustainable recovery will also require the government to reconnect displaced populations, local communities and productive sectors to the formal economy.

For foreign companies, access to Syria will therefore depend less on a standardized market-entry formula than on the ability to read its emerging decision-making architecture. The presidential center around Ahmed al-Sharaa remains particularly important in determining strategic priorities, while ministries, local authorities, business networks and other groups shape implementation at sector and project level. Syria is deliberately pursuing a diversified foreign policy and investment strategy rather than aligning exclusively with any single geopolitical bloc. As a result, neither Western, Gulf nor Russian engagement models provide a ready-made route into the market. Successful investors will need to identify who actually makes, influences and implements decisions in their target sector — and anticipate how those priorities may evolve.

This logic is even more important in strategically sensitive areas. Syria may welcome foreign capital for reconstruction while remaining cautious about foreign involvement in sectors directly connected to state-building, security and national sovereignty. The August 2026 agreement to

reorganize Russia's presence at Tartus and Khmeimim illustrates this distinction: historical political and military ties did not translate into preservation of the previous model of strategic infrastructure access. For Russia, this is a reminder that accumulated political capital remains an asset, but must be continuously converted into forms of cooperation compatible with the priorities of the new Syrian state.

At the same time, Syria's reconstruction is unfolding within a broader regional reconfiguration. Turkey, the Gulf states and actors across the Levant have strong strategic and commercial interests in the country, although the ability of Lebanon and other neighboring economies to contribute is constrained by their own economic conditions. Syria can potentially leverage this competition by maintaining a diversified portfolio of partners rather than becoming dependent on any single external actor. If security and infrastructure conditions improve, its geographic position could allow it to connect Turkey, the Eastern Mediterranean, Iraq, Jordan and the Gulf through overlapping trade, logistics and energy networks.

This creates a longer-term scenario in which Syria evolves from a post-conflict reconstruction market into a regional production, logistics and transit node. The opportunity is particularly significant as companies and governments increasingly incorporate regionalization and supply chain resilience into long-term investment strategies. Realizing this potential, however, will require more than foreign investment: Syria will need to consolidate territorial and institutional control, restore transport and energy infrastructure, improve financial connectivity and develop predictable rules for cross-border trade and investment.

The central investment question is therefore not simply whether Syria is open for business, but who is positioned to shape and benefit from the market as it opens. Early entrants face greater uncertainty, but can secure relationships, local knowledge and strategic positions before the market becomes more predictable and competitive. Later entrants may benefit from clearer return calculations and lower institutional risk, but will enter a market whose key stakeholders, commercial relationships and infrastructure priorities have already begun to consolidate.

Brief history of regional developments

Rapid opening of the Syrian market after years of isolation

The economic isolation of Syria was not the result of a single sanctions regime. It accumulated in several stages. The United States had designated Syria a State Sponsor of Terrorism since 1979[1] and introduced additional economic restrictions in 2004. Following the outbreak of the Syrian uprising in March 2011, the US and EU progressively expanded sanctions in response to the Assad government's policies.

The sanctions regime increasingly became a structural constraint on the Syrian economy rather than simply a diplomatic instrument. By 2024, Syria's real GDP had fallen by almost 53% from 2010 levels, while nominal GDP had declined from approximately $67.5 billion in 2011 to an estimated $21.4 billion[2]. Merchandise exports were only around $3.3 billion in 2024, against imports of approximately $6.3 billion[3].

The economic logic began to change only after the fall of Bashar al-Assad in December 2024. The US and European governments effectively shifted from sanctioning the Syrian state to attempting to influence the direction of the Syrian transition. The EU suspended several restrictions in February 2025[4] and decided in May to lift its economic sanctions[5], while retaining security-related restrictions and sanctions on individuals and entities associated with the former regime.

The US followed a similar trajectory, moving from targeted sanctions relief in 2025 toward the broader dismantling of the Syria sanctions regime. By mid-2025, the main economic restrictions had been lifted, with the Caesar Act subsequently repealed, while targeted measures against individuals and entities associated with the former regime and other destabilizing activities remained. The process culminated in 2026 with the removal of HTS-related designations and the rescission of Syria's State Sponsor of Terrorism designation, further reducing the legal constraints on Syria's reintegration into the international economy.

This progression is interesting because al-Sharaa's ideological and organizational history had not simply disappeared. Rather than waiting for

conventional democratic normalization or complete institutional consolidation, Western governments appear to have adopted a policy of conditional engagement based on the strategic orientation of the new state.

Several factors help explain the motivation behind this choice:

- First, the alternative was simply unattractive. Maintaining comprehensive sanctions against a post-Assad government would have constrained reconstruction, strengthened informal economies and potentially increased the influence of actors operating outside Western financial systems — sadly, a financial loss.
- Second, al-Sharaa's government had become a potential vehicle for reducing the influence of actors that Washington and its regional partners regarded as strategic competitors. The collapse of Assad removed Iran's principal state partner in the Levant and substantially weakened the infrastructure of the Iran–Syria–Hezbollah axis. At the same time, the new authorities have had incentives to diversify away from dependence on Russia and Iran.
- Third, the Gulf states were already positioning themselves as key economic stakeholders in the new Syria. Saudi Arabia, Qatar and the UAE could provide capital and infrastructure financing much faster than most Western governments could deploy conventional reconstruction assistance. Their involvement also gives Washington and European governments a mechanism through which economic reintegration can occur without requiring the West itself to assume the entire reconstruction burden.
- Fourth, the US and Europe have an interest in making the new Syrian state economically viable before any institutional arrangements become entrenched. A government capable of collecting revenue, controlling borders, integrating armed groups and attracting investment is considerably easier to influence than a fragmented Syria dominated by informal armed and economic networks.

This makes the sanctions reversal more than a humanitarian or economic policy. It can also be interpreted as an attempt to anchor the new Syrian government within a different regional architecture. The emerging model is based on Gulf capital, Turkish connectivity, Western financial reintegration and a more conventional state structure, rather than the previous combination of Russian military protection, Iranian security networks and sanctions-mediated isolation.

It would be premature to describe this definitively as a deliberate Western "grooming" strategy. However, the sequence of sanctions relief, diplomatic normalization, financial-system reintegration, Gulf investment and support for territorial/institutional consolidation is consistent with an effort to socialize Syria into a new regional role — potentially as a commercially connected Levantine state positioned between Turkey, the Gulf, Iraq and the Eastern Mediterranean.

Exiting survival mode

The contrast between the final years of the Assad government and the first year of al-Sharaa's administration is particularly visible in the composition of foreign economic engagement.

Under Assad, foreign economic relations were increasingly shaped by sanctions avoidance, access to subsidized energy, reconstruction contracts and politically protected bilateral relationships. Iran provided fuel, credit and economic support, while Russia maintained a particularly strong position in energy, infrastructure and strategic logistics. In 2023, for example, Iran and Syria signed at least 15 agreements covering oil and other economic sectors[6]. China remained an important source of imports, although its investment footprint was constrained by sanctions and secondary-sanctions risk.

The model produced limited capacity for genuine capital formation. By 2024, merchandise trade remained only around $9.6 billion in total, while the economy had been contracting for several consecutive years[7]. Private investment remained weak, and the financial system was largely disconnected from international capital flows.

The first year of the new administration produced a qualitatively different pattern. Foreign engagement shifted from maintaining economic survival to positioning for future market access. The major announcements increasingly concern ports, airports, electricity generation, telecommunications, logistics, real estate, tourism and financial infrastructure — precisely the sectors required to turn Syria from an isolated economy into a functioning regional market.

The scale of the announcements should nevertheless be interpreted carefully. Announced investment is not equivalent to realized capital expenditure. Some of the headline figures represent memoranda of understanding, preliminary concessions or multi-year development frameworks rather than fully financed projects. This distinction is particularly

important in Syria, where institutional capacity, land rights, security and project finance remain material execution constraints.

Nevertheless, the direction of travel is clear. In May 2025, DP World agreed to an $800 million development and operating arrangement for Tartus, including port infrastructure and associated logistics/free-zone development[8]. In August 2025, the Syrian government announced 12 major infrastructure projects with an aggregate headline value of approximately $14 billion, including a $4 billion Damascus airport expansion and a proposed $2 billion Damascus metro project[9].

The energy sector followed a similar trajectory. A consortium led by UCC Holding signed final concession agreements in November 2025 for eight power plants with a combined planned capacity of 5 GW, building on a Qatari-backed framework agreed earlier in the year[10]. In February 2026, Saudi Arabia announced another package spanning aviation, telecommunications and infrastructure, including $2 billion for two Aleppo airport projects and approximately $800 million for a 4,500-km fibre-optic network[11].

By September 2026, the UAE's involvement had expanded into large-scale urban development. Arada and the Syrian Sovereign Fund established a joint venture for a planned $7 billion, 4 million sq.m. mixed-use development west of Damascus, combining residential, hospitality, retail, education and healthcare components[12].

The institutional side is evolving alongside physical investment. In August 2026, the World Bank approved a $100 million grant to modernize Syria's financial sector, including the Central Bank, banking supervision, digital payments, financial-market infrastructure and AML/CFT systems[13]. The stated objective is explicitly to reconnect Syria with international financial channels required for trade and investment.

The macroeconomic baseline remains extremely weak, which makes these developments more significant but also increases execution risk. Syria's GDP contracted by 1.5% in 2024, after a 1.2% contraction in 2023; the World Bank estimated that real GDP growth strengthened to roughly 1% in 2025[14]. Inflation fell from 72.1% in 2024 to an estimated 11.5% in 2025, while the Syrian pound appreciated following the political transition[15].

The result is therefore not yet an investment boom in the conventional sense. It is the formation of the infrastructure and institutions that could

make an investment boom possible. This distinction is central to assessing the timing of market entry.

Russia's evolving role in what is now a competitive market

Russia's relationship with Syria predates the current conflict by more than seven decades. Its strategic foundations were established in the 1950s–1970s through military-technical cooperation and Syria's role as one of the Soviet Union's principal partners in the Eastern Mediterranean. In 1971, the Soviet Union established a naval logistics facility at Tartus, creating the basis for a long-term Russian military presence on the Syrian coast. Economic cooperation developed in parallel across energy, transport, oil and gas and irrigation.

Following the dissolution of the Soviet Union, the relationship retained an institutional framework. A bilateral agreement on trade, economic and technical cooperation was signed in 1993[16], while the Permanent Russian-Syrian Commission for Trade, Economic and Scientific-Technical Cooperation began operating in 1998. In 2005, the two countries signed an agreement on the promotion and reciprocal protection of investments[17].

The decisive turning point came in 2015, when Russia changed its presence model. A permanent air component at Hmeimim was added to the existing naval presence at Tartus. In 2015 and 2017, Russia secured long-term arrangements concerning both facilities, giving it a potentially 49-year presence with automatic extensions[18].

By the final years of the Assad government, Russia therefore possessed something considerably more valuable than individual commercial contracts: accumulated political capital, institutional relationships, military infrastructure and local knowledge. These assets remain relevant under the new government, but their value has changed.

The fall of Assad fundamentally altered the basis on which Russian access had been secured. The new Syrian government decided against simply inheriting the previous bilateral relationship in the form it had already taken; essentially, it is reconstructing its external partnerships on a more diversified basis. This became particularly visible in August 2026, when Syria and Russia agreed on a memorandum to reorganize the Russian presence on the Syrian coast[19]. Under the new arrangement, Syria assumes management of civilian facilities at Hmeimim and Tartus, while Russian military

facilities are converted into joint training and qualification centres; the transition is expected to take up to three months.

The implication is not that Russia has lost its position, but that its position is being renegotiated — historical access to Syria no longer automatically translates into privileged access to its emerging investment market.

For Russian companies, this creates a fundamentally different strategic problem. Under Assad, state-to-state relationships could often serve as the principal gateway to economic activity. Under the new system, Russian firms must compete within a broader stakeholder environment that includes the presidential center, Syrian economic institutions, local administrations, Gulf investors, Turkish companies, Western financial institutions and regional infrastructure operators.

The appropriate Russian strategy is therefore less about attempting to preserve the previous model of influence and more about converting accumulated political and infrastructure capital into economic interdependence.

That conversion is likely to be gradual:

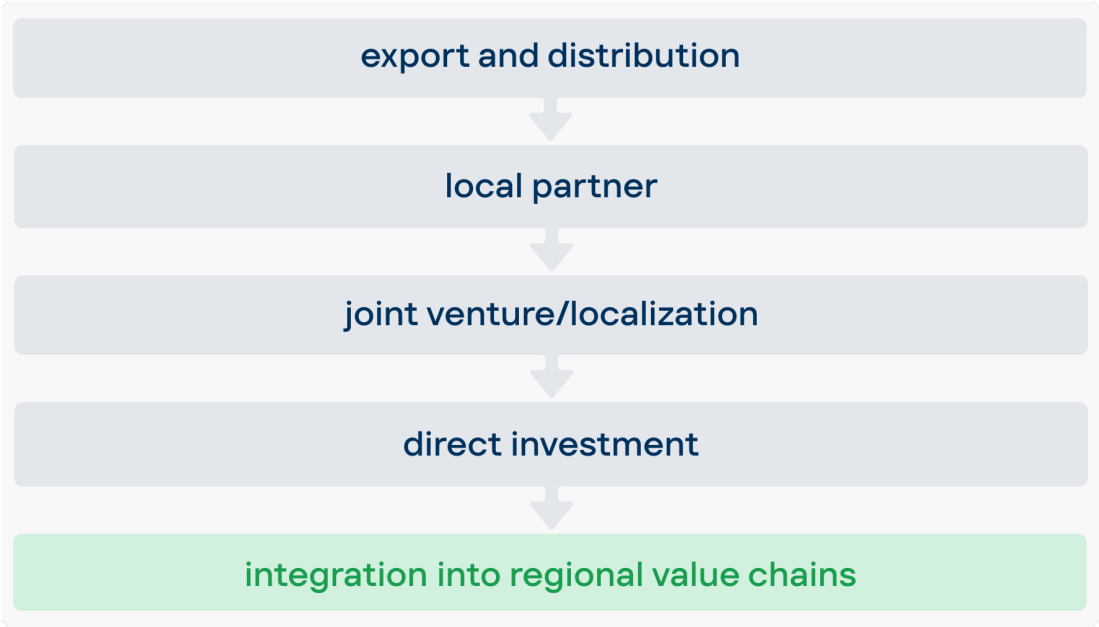


Exhibit 1. Optimal market entry strategy for Russian entities.

The logic is particularly relevant because Russia retains capabilities that correspond to several of Syria's immediate reconstruction needs — food and agricultural inputs, engineering, energy services, logistics, industrial equipment and selected infrastructure technologies. At the same time,

Russian companies face stronger competition than under Assad, as Gulf capital, Turkish firms and Western companies increasingly gain access to sectors previously constrained by sanctions.

The strategic question for Russia is therefore no longer simply whether it can retain a presence in Syria. It is whether its accumulated political and institutional capital can be converted into commercially sustainable relationships before the new Syrian market structure becomes consolidated around other foreign partners — however, this can only be achieved if Russia understands the long-term strategic goals of every major competitor and which Syrian sectors are the most sensitive to Russian capital.

Syria in the multilateral world

US–Syria relations: progressing from isolation to economic reintegration

The US–Syria relationship changed fundamentally after the fall of Bashar al-Assad on 8 December 2024. The previous US policy was built around several overlapping legal instruments: Syria had been designated a State Sponsor of Terrorism since 1979; broad country sanctions were imposed and expanded through executive orders from 2004 onward; and the Caesar Syria Civilian Protection Act of 2019 created mandatory sanctions exposure for foreign persons providing significant support to the Syrian government or engaging in specified transactions with Syria's energy, construction and engineering sectors. The policy was therefore designed not only to constrain the Assad government directly, but also to make large-scale third-country engagement with Syria costly.

The change after Assad's removal was unusually rapid. Within weeks, Washington moved from humanitarian exemptions toward selective economic authorization. On 6 January 2025, OFAC issued General License 24, expanding authorizations for transactions necessary to provide basic services and humanitarian assistance. The stated rationale was that the end of Assad's rule created an opportunity for reconstruction and responsible governance.

The first major commercial opening came on 23 May 2025, when OFAC issued General License 25. The license broadly authorized transactions that had previously been prohibited under the Syrian Sanctions Regulations and explicitly enabled new investment and private-sector activity. The State Department simultaneously issued a waiver under the Caesar Act. This was still a transitional mechanism rather than a permanent repeal of the sanctions architecture, but it materially changed the risk calculation for foreign companies and banks.

The political decision behind this process was formalized on 30 June 2025 through Executive Order 14312, "Providing for the Revocation of Syria Sanctions." Effective 1 July, the order terminated the national emergency underlying the principal Syria sanctions programme and revoked six executive orders dating from 2004–2011. Importantly, the order did not

provide blanket amnesty: sanctions remained available against former Assad officials and his circle.

The same order is particularly revealing about Washington's objectives. It defined the desired end-state as a stable, unified Syria at peace with its neighbors, without a safe haven for terrorist organizations and with protection for religious and ethnic minorities. It also linked future sanctions to obstruction of a credible constitutional process, supervised elections and the development of a representative government. In other words, sanctions relief was shifted from a mechanism for isolating the Assad regime to a mechanism for incentivizing the behavior of the new Syrian state.

The treatment of Ahmed al-Sharaa and Hay'at Tahrir al-Sham (HTS), an organization designated as terrorist in Russia, followed the same logic. The June 2025 executive order directed a review of HTS's Foreign Terrorist Organization and Specially Designated Global Terrorist designations and of al-Sharaa's individual SDGT designation. On 8 July 2025, the State Department revoked HTS's FTO designation. The organization nevertheless remained subject to other restrictions until the later stages of the process.

A further legal step came on 18 December 2025, when the President signed legislation repealing the Caesar Syria Civilian Protection Act itself. This was more significant for international business than a simple administrative waiver because it removed the statutory threat of mandatory Caesar sanctions against foreign persons involved in specified transactions with the Syrian government and sectors including infrastructure and energy.

The final major barrier was removed in 2026. On 8 July 2026, President Trump notified Congress that he intended to rescind Syria's designation as a State Sponsor of Terrorism, triggering the statutory 45-day congressional review period. At his meeting with al-Sharaa in Ankara, Trump explicitly linked the decision to removing obstacles to reconstruction and said US companies were prepared to invest in Syria. The administration also cited formal assurances from al-Sharaa that Syria would not support international terrorism.

On 24 August 2026, after the 45-day period expired, Secretary of State Marco Rubio formally rescinded Syria's State Sponsor of Terrorism designation. On the same day, the State Department revoked HTS's SDGT designation and OFAC removed HTS from the SDN list. OFAC consequently revoked General License 25 because the special authorization

concerning HTS's role in the Syrian government was no longer required. Washington described these measures as removing the final major barriers to private-sector investment and reintegrating Syria into the global economy.

Date	Event	Source
May 11, 2004	Executive Order 13338, Blocking Property of Certain Persons and Prohibiting the Export of Certain Goods to Syria	link
Apr 25, 2006	Executive Order 13399, Blocking Property of Additional Persons in Connection With the National Emergency With Respect to Syria	link
Feb 13, 2008	Executive Order 13460, Blocking Property of Additional Persons in Connection With the National Emergency With Respect to Syria	link
Apr 29, 2011	Executive Order 13572, Blocking Property of Certain Persons With Respect to Human Rights Abuses in Syria	link
May 18, 2011	Executive Order 13573, Blocking Property of Senior Officials of the Government of Syria	link
Aug 17, 2011	Executive Order 13582, Blocking Property of the Government of Syria and Prohibiting Certain Transactions With Respect to Syria	link
Apr 22, 2012	Executive Order 13606, Blocking Property and Suspending Entry Into the United States of Certain Persons With Respect to Grave Human Rights Abuses by the Governments of Iran and Syria via Information Technology	link
May 1, 2012	Executive order 13608, Prohibiting certain transactions with and suspending entry of foreign sanctions evaders with respect to Iran and Syria	link
Aug 10, 2012	Public Law 112-158, Iran Threat Reduction and Syria Human Rights Act of 2012	link

Dec 20, 2019	Public Law 116-92, Title LXXIV, Caesar Syria Civilian Protection Act of 2019	link
Apr 24, 2024	Illicit Captagon Trafficking Suppression Act of 2023	link
Dec 8, 2024	Fall of Bashar al-Assad	
Jan 6, 2025	OFAC General License 24, "Authorizing Transactions with Governing Institutions in Syria and Certain Transactions Related to Energy and Personal Remittances."	link
May 23, 2025	OFAC General License 25	link
Jun 30, 2025	Executive Order 14312, Providing for the Revocation of Syria Sanctions	link
Jul 8, 2025	HTS removal from US Foreign Terrorist Organization list	
Aug 26, 2025	Syrian Sanctions Regulations, 31 CFR Part 542, removed from CFR	
Dec 18, 2025	Repeal of the Caesar Syria Civilian Protection Act by Congress	
Jul 8, 2026	Presidential notification to Congress on rescinding Syria's State Sponsor of Terrorism designation	link
Aug 24, 2026	Syria removal from State Sponsor of Terrorism list; HTS SDGT designation revoked	link

Table 1. Key acts and events outlining US–Syria relationship in the 21st century.

The removal of US sanctions fundamentally changed the parameters for international investment in Syria, opening the door to capital, banking relationships and large-scale reconstruction projects. Yet Washington's role appears to be less about becoming a major direct investor in Syria than about shaping the conditions under which capital enters the country. By removing legal and financial barriers, the United States can influence which projects become commercially viable and which external actors are able to participate without bearing the full cost of direct state involvement.

Energy infrastructure illustrates the broader strategic logic. Syria's geographic position creates the possibility of connecting Iraqi and potentially wider regional gas and oil resources to Turkey and, ultimately, European markets. Such corridors remain highly contingent on security, financing and political coordination, and existing proposals are still at feasibility or early development stages. Nevertheless, their strategic significance extends beyond Syria itself: greater diversification of energy routes through Turkey could contribute to Europe's long-term reduction of dependence on Russian energy infrastructure. US policy has historically supported Turkey's role as an energy transit corridor and the development of routes bringing non-Russian supplies toward Europe.

From this perspective, Syria's economic opening can be understood as part of a wider regional reconfiguration in which Washington shapes the investment environment while regional and private sector actors supply much of the capital and execution capacity.

Potential for regional cooperation within the Levant

Syria's geographic position gives reconstruction a regional economic dimension. The country sits between the Mediterranean, Turkey, Iraq, Jordan and the Gulf, with the potential to connect maritime trade through Latakia and Tartus to overland routes running north toward Turkey, east toward Iraq and south toward Jordan and the Gulf. This potential is not yet a competitive advantage: it depends on border security, road and rail rehabilitation, customs procedures, energy availability and the ability of the Syrian state to provide predictable conditions for transit.

The most relevant regional relationships therefore are different in function. Lebanon historically assisted in providing financial and commercial networks (prior to the crisis); Israel determines the security conditions on Syria's southern frontier; Turkey controls important northern trade and infrastructure linkages, including pipeline access; Jordan provides the most direct southern connection to the Gulf; Iraq provides access to eastern markets and energy corridors; and the Gulf states are increasingly supplying the capital required to rebuild the physical infrastructure connecting these markets.

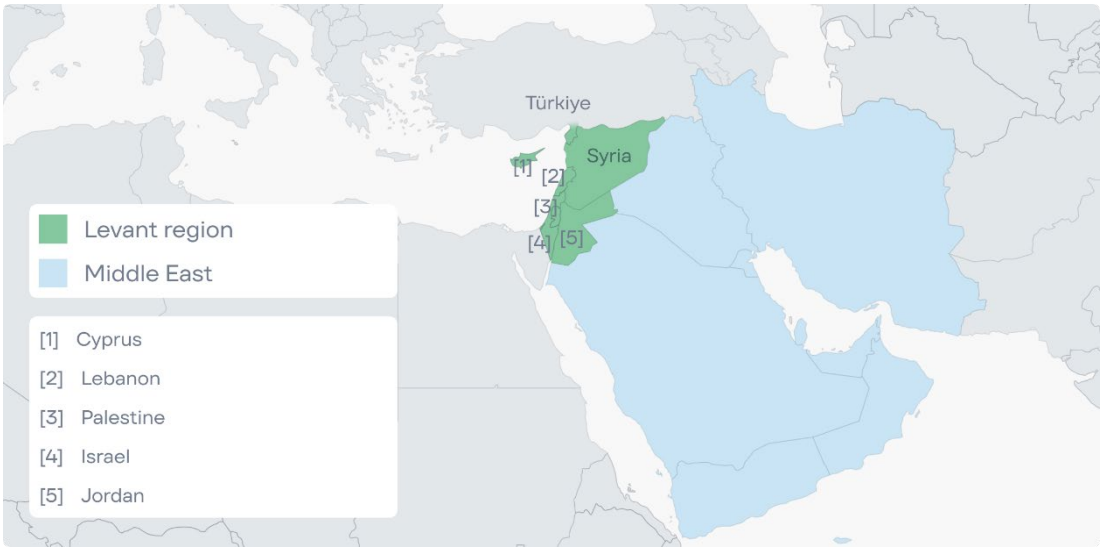


Exhibit 2. Syria's positioning in the Levant.

Lebanon: financial networks, trade corridors and the Hezbollah constraint

Lebanon's importance to Syria is disproportionate to its economic size. The two economies have historically operated as part of a single Levantine commercial space, with cross-border trade, labour mobility, banking relationships, logistics and informal business networks connecting them.

The financial relationship was particularly significant before the Syrian war. Lebanese banks expanded aggressively across the region: an IMF assessment found that, by 2010, Lebanese banks had more than 50 foreign branches, subsidiaries and representative offices in approximately 20 countries, with foreign affiliates holding around $25 billion in assets[20]. Syria was by far their largest foreign market, with nine Lebanese bank affiliates and approximately $7 billion in assets, compared with $4.2 billion in France and $3.7 billion in Egypt. By 2012, Lebanese banks' Syrian subsidiaries and direct lending represented approximately $7.5 billion and $1.5 billion respectively[21]. Furthermore, even the most conservative estimates of Syrian funds held in Lebanese banks exceed the total deposits held across Syria's private banking sector by roughly threefold. Estimates of Syrian funds held in Lebanese banks stood at roughly $3–4 billion in 2025, while deposits across Syria's private banking sector amounted to approximately $1.5 billion[22].

This history matters because Lebanon's influence over Syrian economic activity has never been confined to formal government-to-government relations. Lebanese banking families, commercial groups, professional-

services firms, diaspora networks and politically connected business intermediaries have historically functioned as access points to capital and regional markets. The Lebanese banking system itself was heavily dependent on non-resident deposits: IMF analysis found that close to 40% of deposits were held by non-residents, with a substantial share originating from Lebanese living elsewhere in the Middle East and North Africa[21].

The model has weakened substantially following Lebanon's financial crisis, but the networks have not disappeared. For the new Syrian government, this means that engagement with Beirut should not be assessed solely through bilateral trade statistics, which might have dropped due to external circumstances. Lebanese banks and business networks can potentially serve as intermediaries between Syrian companies and Gulf, diaspora and international capital, particularly while Syria's own banking system is being rebuilt — especially if Lebanon's own finance infrastructure eventually emerges if not victorious, then at least viable from the ongoing redistribution of power in the Middle East. At the same time, Syrian authorities will need to distinguish legitimate financial intermediation from networks exposed to sanctions, political patronage or illicit activity.

The security dimension is particularly important. Hezbollah's former position in the Syria–Lebanon corridor gave the group access to territory, logistics and financial channels connecting Iran to Lebanon. The fall of Assad disrupted this infrastructure and reduced Syria's role as a permissive transit environment for Hezbollah.

US Treasury actions in 2025–2026 should be viewed in this broader context[23,24,25,26,27,28,29]. While the measures directly affect Lebanese financial institutions, officials and business networks, their strategic focus appears to extend beyond Lebanon itself: by constraining Hezbollah's financial and logistical infrastructure, Washington is also seeking to reduce the group's influence within Lebanon's state and economic architecture and limit Iran's ability to project influence through Lebanese networks. In this sense, the sanctions represent a broader pressure campaign against Hezbollah and Iran-linked structures, with Lebanon serving as a key arena in which that pressure is applied.

For Lebanese and regional banks, these measures nonetheless create a material compliance risk, particularly where financial flows involve counterparties with links to Hezbollah or other sanctioned networks. This also points to a longer-term possibility: if regional power dynamics shift and external actors become willing to support Lebanon's reintegration into regional economic networks, its existing banking infrastructure, commercial

networks and diaspora connections could provide a foundation for restoring its role as a regional financial and business hub. Lebanon's financial system therefore should not be viewed solely through the lens of its current constraints; its future relevance will depend partly on whether the geopolitical conditions that have marginalized it can be reversed.

For Syria, the practical consequence is that border security and financial integration are now directly connected. Effective control of the Lebanon–Syria border reduces not only the risk of weapons and narcotics trafficking but also the compliance premium attached to Syrian transactions. Conversely, continued operation of opaque armed or financial networks could discourage correspondent banks, insurers and multinational investors from using Lebanon–Syria channels even when the formal sanctions environment has improved.

The most immediate economic opportunity is therefore the restoration of predictable overland trade. A functioning Syria–Lebanon–Jordan corridor would benefit Lebanese exporters of agricultural products, food and beverages, pharmaceuticals, chemicals and selected manufactured goods, while giving Syria access to Lebanese logistics, warehousing, professional services and commercial networks. But the value of the corridor will depend on border-crossing time, customs fees, road conditions, insurance premiums, rules of origin and the reliability of security controls, rather than simply on whether the border is officially open.

Lebanon is consequently likely to be economically useful to Syria as a network economy rather than as a major source of capital. Lebanon's own financial constraints make large-scale participation in Syrian reconstruction unlikely, while its banks, entrepreneurs, professional services and diaspora connections retain potential value as channels into the wider Levantine and Gulf economies.

This economic interconnectedness should not be mistaken for political or social convergence. Lebanese perceptions of Syrian influence remain shaped by Syria's military and political presence in Lebanon from the 1970s until 2005. The Cedar Revolution and the subsequent withdrawal of Syrian forces marked a lasting shift in Lebanese attitudes toward Damascus, particularly among constituencies that perceived Syrian involvement as an infringement on Lebanese sovereignty. These historical sensitivities remain relevant to the future of bilateral economic integration: deeper trade and financial links may be commercially attractive, but their political acceptability will depend on how they are framed and which Lebanese institutions and constituencies are seen as benefiting from them.

Israel: a security variable rather than a major source of Syrian capital

The economic relevance of Israel to Syria is currently indirect. The principal issue is not bilateral trade or Israeli investment but whether the southern border becomes a stable frontier or a persistent security risk. Essentially, an improvement in diplomatic relations does not automatically translate into durable security or predictable economic conditions.

Since the fall of Assad, Israel has maintained military activity in southern Syria, while the two sides have established U.S.- and UAE-supported channels aimed at preventing further escalation. In April 2025, U.S. Congressman Cory Mills reported that al-Sharaa had expressed openness to Syria joining the Abraham Accords 'under the right conditions'. By August 2026, however, negotiations had been frozen amid a deep lack of trust, with Damascus calling for an end to Israeli attacks and linking any security agreement to the withdrawal of Israeli forces from territory seized after Assad's fall[30].

Therefore, the practical difference between normalization and a security settlement is important. Normalization may carry substantial diplomatic weight, but its economic value for Syria would depend on whether it produces a durable reduction in security risk. Formal diplomatic recognition cannot by itself guarantee that outcome if the underlying security relationship remains conditional on Israel's assessment of threats, the activities of third-party armed groups, or wider regional power shifts.

This creates a particular form of reversal risk for Syria. A security arrangement may be formally bilateral while the conditions determining its durability are partly external to the Syrian government. Armed groups operating outside Damascus' full control, Turkish military activity, Iranian-linked networks or other regional developments could alter Israel's threat perception and create grounds for renewed military action even without a deliberate Syrian decision to abandon the agreement. The August 2026 Israeli strike on the Abu al-Duhur airbase, which Israel linked to concerns over a potential Turkish military deployment that Syria and Turkey denied, illustrates how quickly a third-party issue can become incorporated into the Israel-Syria security relationship[31].

This means that the durability of any security arrangement would depend not only on its formal terms, but also on Israel's longer-term strategic assessment of the regional balance. From Damascus' perspective, this creates an unusual asymmetry: Syria can commit to specific obligations, but it cannot fully control every development that Israel may subsequently

interpret as a security threat. The resulting risk is not limited to deliberate breaches. Misattribution, incidents involving third parties, disputed intelligence or changes in regional alignments could also trigger a deterioration in relations and potentially reopen military confrontation.

There is therefore no single Israeli normalization strategy. One constituency views a stable Syrian government capable of controlling its territory and entering a formal security arrangement with Israel as preferable to fragmentation. Another has advocated a more decentralized and militarily constrained Syria, particularly to prevent Turkish influence from becoming dominant. Reuters reported in February 2025 that Israeli officials had lobbied Washington for a decentralized Syria and had even argued for preserving a Russian military presence as a counterweight to Turkey[32].

A meaningful reduction in security risks could allow Syria to redirect resources currently absorbed by confrontation and security expenditure toward reconstruction and productive investment. It could also reduce:

- insurance and security premiums on southern transport routes;
- disruption risk along the Damascus-Jordan corridor;
- the probability of damage to southern infrastructure;
- recurrent military and security expenditure around the border;
- the risk premium attached to investment in southern Syria.

The economic value of engagement with Israel therefore lies primarily in what it can deliver in terms of de-escalation, territorial predictability and restored connectivity — not in normalization itself. A security arrangement that contributes to the demilitarization of southern Syria, limits armed confrontation and enables the restoration of transport and commercial activity could have meaningful economic value. But for Syria, the relevant test is whether these conditions remain durable when regional circumstances change.

This is particularly important given the current asymmetry of the relationship. Israel's continued military presence and operations in southern Syria create a security problem that Syria cannot resolve unilaterally. As of September 2026, the UN Commission of Inquiry has described Israeli military activity in southern Syria as increasingly sustained and entrenched and raised concerns that some actions may amount to war crimes[33]; Israel rejects the characterization and says its presence is temporary and intended to protect its security[34]. For Damascus, the economically rational objective is therefore to pursue reciprocal and verifiable security

arrangements while reducing its exposure to third-party escalation, rather than treating normalization itself as a guarantee of peace.

Turkey, Jordan and Iraq: the infrastructure required to make Syria a regional node

Syria's northern, southern and eastern corridors are complementary rather than interchangeable.

Turkey is potentially the most important northern economic partner because of its manufacturing base, logistics infrastructure, proximity to Syrian population centers and ability to connect Syria to European markets. Turkish companies also have an existing presence in construction, energy and infrastructure. The principal constraint is the security architecture of northern Syria. The integration of the SDF into Syrian state structures and the parallel Turkish process concerning the PKK could eventually allow Damascus to establish continuous control over the northern border, but the durability of the settlement remains uncertain.

For Syria, successful integration would restore control over oil fields, hydropower assets, roads and border crossings in the northeast. For Turkey, it reduces the risk of a Kurdish autonomous security zone while creating opportunities to extend Turkish transport, energy and commercial networks southward. The resulting relationship is therefore economically attractive but also creates a potential dependency: Syria could become an extension of Turkish supply chains rather than an autonomous regional logistics center.

Syria's trade with Turkey is also deepening. Turkish exports to Syria reached $1.28 billion in the first half of 2026, up 26.4% year-on-year, with construction-related goods particularly prominent: cement exports rose 116.8% to $102.3 million[35].

Jordan is strategically important because it provides the most direct land route from southern Syria toward Saudi Arabia and the Gulf. The value of this corridor is dependent on security at the Syrian–Jordanian border and the reliability of customs procedures. Its economic potential extends beyond Syrian–Jordanian bilateral trade: a functioning corridor could connect Turkish and Syrian production to Gulf markets without requiring maritime transport.

Iraq provides the eastern connection to the Gulf and potentially to Asian markets. The proposed rehabilitation of the Haditha–Baniyas oil corridor illustrates the scale of infrastructure that could eventually emerge from

this geography. More broadly, Iraqi routes could connect Syrian ports and industrial centers to Iraqi consumers and energy infrastructure while providing Syria with an alternative to exclusive dependence on Turkish or Jordanian corridors.

The strategic objective is therefore not simply to maximize bilateral trade with any one neighbour. It is to maintain multiple functioning corridors simultaneously. A Syrian economy connected north to Turkey, south through Jordan, east through Iraq and west through Mediterranean ports would have considerably greater bargaining power than one dependent on a single route.

Gulf states: capital for the infrastructure of regional integration

The Gulf states currently represent the most important external source of large-scale commercial capital for Syria. Their investment patterns are also differentiated, reflecting the strategic strengths of each country.

Saudi Arabia's February 2026 package is particularly broad. The agreements covered aviation, telecommunications, infrastructure, water and real estate, while the Saudi government announced the Elaf Investment Fund and the restoration of banking transfer channels between the two countries[36].

The UAE has taken a different position, with a stronger emphasis on ports, logistics and commercial real estate. DP World's 30-year arrangement for Tartus and subsequent deployment of port equipment indicate that the UAE is seeking not merely construction contracts but long-term positions in Syria's trade infrastructure. UAE–Syria non-oil trade reached $1.4 billion in 2025, up 132% year-on-year, providing an early indication that commercial ties are expanding alongside investment[37].

Qatar's principal early commitment has been energy. The May 2025 agreement with a consortium led by UCC Holding envisaged $7 billion of investment and 5 GW of generation capacity, including four gas-fired plants and a 1 GW solar project. Final agreements for eight power plants with total capacity of 5 GW were subsequently signed in November 2025[10].

These investments are economically complementary. Saudi Arabia is positioning itself around connectivity and national infrastructure; the UAE around logistics, ports and commercial development; Qatar around electricity and energy infrastructure. This reduces the likelihood that Gulf involvement will simply reproduce the same investment portfolio three

times over and instead creates the foundations for a more integrated Syrian market.

The geographical logic is equally important. Gulf investors are not only buying exposure to the Syrian domestic market. Ports, airports, telecommunications, electricity and logistics infrastructure can generate returns from regional flows passing through Syria. This is consistent with the broader Gulf strategy of investing in transport corridors, ports and infrastructure that diversify trade routes and increase control over regional supply chains.

Analytical summary

Syria's potential as a Levantine economic node depends on whether it can convert geographic centrality into controllable, investable connectivity. The emerging structure therefore suggests a potentially important division of labour: Gulf capital finances the infrastructure, Turkey and the Levant provide commercial and transport linkages, Iraq and Jordan extend the corridors east and south, while US and European normalization makes international finance increasingly accessible. Russia remains an important incumbent stakeholder, but it now competes within this much broader network.

The strategic risk for Syria is that these relationships develop as separate bilateral dependencies rather than as an integrated network. If Turkish companies dominate the north, Gulf investors control major infrastructure assets, Lebanese intermediaries control financial channels and security arrangements determine access to the south, Syria could become highly connected without necessarily becoming an autonomous regional hub. Conversely, if Damascus can maintain multiple corridors and prevent any single external actor from controlling the critical nodes, its geography could become a source of bargaining power rather than dependency.

Opportunities for Russian business

The transformation of Syria following the change of government creates potentially favorable conditions for foreign companies entering the market. However, the new administration's openness to foreign investment should not be equated with guaranteed access to Syrian assets or government contracts. Changes in the regulatory environment for the private sector and the restructuring of the state apparatus are taking place alongside both investment liberalization and the continued central role of the state in allocating economic resources. For Russian businesses, this means that the attractiveness of individual sectors must be assessed not only against Syria's reconstruction needs, but also against the emerging structure of decision-making, the requirements placed on foreign capital, competition from other external partners and the residual sanctions and compliance environment.

One of the clearest signs of the changing investment regime is the creation of new state mechanisms for managing assets and mobilizing capital. In 2025, Syria established the Syrian Sovereign Fund, reporting directly to the presidency and tasked with managing state assets, attracting investment, supporting economic recovery and developing infrastructure projects. The Syrian Development Fund is being developed in parallel to finance infrastructure, economic recovery and social projects. The emergence of these institutions points to an effort to centralize the management of reconstruction while creating dedicated mechanisms through which external capital can be mobilized.

This architecture is important for foreign investors because it suggests that market access will increasingly be mediated through state institutions rather than determined by liberalization alone. The 2025 amendment to the Investment Law provides a more open framework for foreign investment and offers a range of incentives, but licensing and access to strategic assets remain heavily dependent on government decisions[38]. The same broader trend is visible in President Ahmed al-Sharaa's restructuring of the state apparatus and concentration of decision-making within the presidency and a relatively narrow circle of political and institutional actors. For investors, the relevant question is therefore shifting from simply whether they are legally permitted to invest to on what terms, through which institutions and with whose support they can obtain access to commercially viable opportunities.

The centralized nature of the emerging economic system creates both opportunities and constraints. Concentration of authority can accelerate decisions on strategic projects and reduce the number of bureaucratic intermediaries. At the same time, access to the most attractive assets, concessions and government-backed projects is likely to depend on a relatively limited number of institutions and decision-makers. This makes understanding the presidential center — the formal institutions and informal channels of influence around al-Sharaa and his immediate political circle — increasingly important for foreign companies seeking to establish a position in Syria.

For Russian businesses, this institutional shift is compounded by a second consideration: political capital accumulated under the previous government does not automatically translate into market access under the new one. Russia retains substantial historical, political and institutional ties to Syria, but the new administration is simultaneously seeking to diversify its external partnerships. In commercially sensitive sectors, Syrian authorities may therefore assess Russian participation not only on its economic merits, but also in terms of how it affects relationships with other potential investors, particularly from the Gulf, Turkey and Western markets. The restructuring of Russia's former military presence at Tartus and Hmeimim further illustrates that historical strategic relationships do not necessarily guarantee the preservation of existing forms of access.

This does not preclude Russian participation. It changes the basis on which it is likely to be negotiated. Russian companies may have an advantage where existing relationships, technical expertise, infrastructure knowledge or established local networks reduce market-entry costs. But in a competitive and increasingly diversified investment environment, these advantages will need to be converted into commercially relevant partnerships rather than assumed to constitute privileged access. In particular, Russian capital may face greater scrutiny in sectors where Syrian authorities are seeking to attract Western, Turkish or Gulf participation and where the perceived geopolitical implications of a Russian role could affect other investors' willingness to enter.

The practical priority for Russian companies is therefore to map the emerging decision-making architecture before committing significant capital. This includes identifying which institutions control individual sectors and assets, who is responsible for licensing and procurement, how state-owned assets are allocated, what requirements apply to local partners, which business groups have established access to decision-makers, and where Syrian and foreign investors' interests overlap or

compete. It also requires assessing the sanctions and compliance exposure of prospective counterparties, financial channels and project structures.

The most viable entry strategy may consequently be incremental rather than capital intensive from the outset: establishing distribution or export relationships, developing local partnerships, moving toward joint ventures and localization where commercially justified, and only then considering larger direct investments. Such a sequence would allow Russian companies to build local knowledge and stakeholder relationships while limiting exposure to regulatory and political reversals.

The implications of this approach become clearer at the sector level. Russian companies are unlikely to compete for every segment of Syria's reconstruction on equal terms, and the relevant question is where Russia's existing capabilities, commercial relationships and accumulated market knowledge can translate into a credible proposition for Syrian counterparts. The following analysis therefore focuses on the industries where Russian businesses could potentially establish positions — whether through exports, local partnerships, joint ventures, service contracts or direct investment — while taking into account the political sensitivity of each sector, the degree of state involvement and competition from Turkish, Gulf, Western and Chinese companies.

Security cooperation

Syrian interest	Risks for Russia
High	High

Key stakeholders:

Presidential center*; Ministry of Defense and General Staff of the Syrian Army; security and law-enforcement structures and regional military and security commanders; Russian state institutions and defense-industrial enterprises; local intermediaries and suppliers; export-control authorities and governments in third countries.

The principal stakeholder is not necessarily the Ministry of Defense itself, but the presidential center, if the leadership views Russian cooperation as a tool for equipping and training the new Syrian armed forces. Potential constraints include actors seeking to orient the Syrian military toward Turkish or Western standards, as well as external players concerned about the continuation of Russia's military role. The question for Russian

suppliers will therefore extend beyond Syria's demand for military equipment to the broader model of armed forces being built by the new authorities and who ultimately determines its standards.

*Here and throughout: "presidential center" refers to the formal institutions and informal channels of influence concentrated around Syrian President Ahmed al-Sharaa and his immediate political circle.

Military-technical cooperation could retain a role in Russia–Syria relations because of the accumulated experience of bilateral cooperation and existing institutional ties. At the same time, it is likely to remain one of the most politically and legally sensitive areas of engagement. Transfers of weapons, dual-use equipment, surveillance technologies and certain industrial components may be subject not only to Syrian regulation but also to third-country export controls, end-use restrictions and broader sanctions and compliance requirements.

The potential of military-technical cooperation should therefore be assessed separately from the more commercially oriented sectors of Syria's reconstruction. Even where Damascus is politically receptive to Russian cooperation, scaling Russian supplies could face elevated compliance risks, restrictions on payments and transportation, and constraints imposed by foreign jurisdictions. In the near term, the most realistic form of Russian involvement may therefore remain state-to-state cooperation, while commercial projects involving private companies would require particularly careful assessment of end users, intended use, counterparties and the full supply chain.

The strategic question is also broader than Syria's immediate equipment needs. The new authorities are still determining the structure, standards and external partnerships of the reconstituted Syrian armed forces. Russia therefore faces competition not simply from alternative suppliers, but from alternative models of military organization, procurement and interoperability. A Russian offer that is commercially viable but inconsistent with the new structure of the Syrian defense may have limited prospects regardless of historical ties. Conversely, where Russian equipment and expertise can be integrated into the new force structure without creating unacceptable political or compliance costs, accumulated institutional knowledge could provide an entry point for renewed cooperation.

Healthcare and pharmaceuticals

Syrian interest	Risks for Russia
High	Low

Key stakeholders:

Ministry of Health; state hospitals and provincial health directorates; Syrian Investment Authority; Syrian Sovereign Fund and Syrian Development Fund; local medical distributors and private healthcare providers; international donors and humanitarian organizations; foreign healthcare and pharmaceutical companies.

Damage to parts of Syria's healthcare infrastructure, shortages of medicines and medical equipment, and limited access to modern healthcare services are creating sustained demand for hospital rehabilitation, medical equipment and pharmaceutical products. The sector therefore offers several potential entry points for Russian companies, including pharmaceutical and medical-equipment supplies, hospital construction and technical modernization, healthcare services and, over time, localization of selected production.

The competitive environment is already taking shape. In August 2026, SARH Holding, an affiliate of the Syrian Sovereign Fund, signed an agreement with Canada's InterHealth Canada to rehabilitate and modernize 14 public hospitals across Syria[39]. The project covers infrastructure, medical equipment and operational systems and is being implemented in coordination with the Ministry of Health over a 24-month period. The agreement demonstrates both the scale of the reconstruction requirement and Damascus' willingness to bring foreign companies into major healthcare projects. It also means that Russian companies should approach the sector as a competitive market rather than assume that historical political ties will translate into preferential access.

The sector is particularly relevant to Russia because it combines relatively low political sensitivity with opportunities for repeated commercial engagement. Unlike military-technical cooperation or strategically sensitive infrastructure, pharmaceuticals, medical equipment, hospital services and technical expertise are less directly connected to questions of sovereignty or foreign military presence. This can create a lower-risk route for Russian companies to establish local relationships, build a track record

with Syrian institutions and gradually move from supply contracts toward localization or joint ventures.

Humanitarian and social-impact projects could provide an additional entry point. Russian medical assistance and humanitarian initiatives can contribute to establishing local relationships and institutional familiarity, particularly where they address visible gaps in healthcare provision. Their commercial value, however, would depend on whether such initiatives are subsequently connected to sustainable procurement, distribution, training or localization models rather than treated as a substitute for commercial investment.

For Russian pharmaceutical and healthcare companies, the key constraint is therefore less likely to be political opposition to Russian participation than the ability to compete on price, quality, financing, technology transfer and local delivery capacity. The most practical strategy may be to establish positions through relatively low-capital supply and service contracts first, then expand into local distribution, contract manufacturing, hospital technology and eventually localized production where market scale and regulatory conditions justify the investment.

Food and agriculture

Syrian interest	Risks for Russia
High	Low

Key stakeholders:

Ministry of Agriculture and Agrarian Reform; Ministry of Economy and Industry; Syrian Grain Establishment; provincial governors and local administrations; farmer cooperatives and rural communities; large agricultural producers and traders; Russian suppliers of grain, fertilizers and agricultural machinery; suppliers from Turkey, the Gulf states and other markets; international food and agricultural organizations.

Food security is one of the structural challenges facing the Syrian economy, creating opportunities for Russian suppliers of grain, food products, agricultural machinery, fertilizers and other agricultural inputs. Russia already has experience supplying food to Syria, including through humanitarian channels and international programs, which can reduce some of the barriers to initial market entry.

For Russia, however, the sector is relevant not only as an export market but also as a potential platform for longer-term economic presence. Moving from one-off shipments toward contracts with local distributors, joint ventures, localized processing and investment in agricultural infrastructure could allow Russian companies to capture a larger share of the value chain. At the same time, this creates a potential tension between Russian exports and Syrian producers: greater trade liberalization can improve food availability and reduce prices for consumers while simultaneously increasing competitive pressure on domestic agricultural production.

This makes the structure of market access particularly important. Agricultural projects depend on more than government approvals: access to land and water, storage capacity, irrigation, transport infrastructure, local distribution networks and procurement arrangements can determine whether a commercially attractive project is viable. For Russian companies considering localization or agricultural investment, understanding these operational constraints may be as important as securing formal investment approval.

Stakeholder interests may diverge. The 2026 wheat procurement price dispute illustrates this dynamic: a government decision on the price paid to wheat producers triggered farmer protests, with political parties subsequently joining the mobilization[40]. The episode demonstrates that agricultural policy cannot be assessed solely through the position of the Ministry of Agriculture. For a potential Russian supplier of grain or fertilizers, relevant stakeholders may also include farmers and coopera-tives, traders, storage and milling operators, provincial authorities and political intermediaries, all of whom can affect how agricultural policy is implemented in practice.

The Syrian food market should therefore be viewed as competitive rather than as a market in which Russia benefits automatically from existing political ties. Turkish, European and Gulf companies can potentially offer shorter logistics routes, established regional distribution networks, access to local financing or greater flexibility in structuring investments. Russia's competitive position will consequently depend not only on the price of its products, but on its ability to offer an integrated proposition combining supply, financing, logistics, technology and, where commercially justified, localization.

The most promising opportunities may consequently lie where Russian companies can move beyond commodity exports and address bottlenecks in the Syrian agricultural value chain. Grain and fertilizer supplies

can provide an initial entry point, while storage, irrigation, agricultural machinery, feed production, processing and distribution offer potential avenues for establishing a more durable local presence. The commercial case for each segment will nevertheless depend on Syria's evolving agricultural policy, domestic producer interests and the ability of Russian companies to compete with suppliers already positioned along regional supply routes.

Energy

Syrian interest	Risks for Russia
High	High

Key stakeholders:

Presidential center; Ministry of Energy; Syrian state-owned energy companies, including the Syrian Petroleum Company; provincial and local authorities and security structures; local holders of energy assets and infrastructure; Russian oil and gas companies; Iraq and other potential transit partners; Gulf and other Middle Eastern energy companies; international investors and financial institutions.

Energy is one of the most capital-intensive and strategically sensitive areas of Syria's reconstruction. Restoring hydrocarbon production, electricity generation, energy infrastructure and fuel transportation is essential both to rebuilding industrial capacity and to improving access to reliable electricity for households and businesses. The sector is therefore likely to remain subject to a high degree of state involvement, particularly where projects concern strategic assets, export routes or cross-border infrastructure.

One potentially significant opportunity lies in restoring Syria's regional energy and transport connections, including the rehabilitation of the Haditha–Baniyas oil pipeline, historically associated with the Kirkuk–Baniyas route. On 18 July 2026, Syria and Iraq signed a memorandum on restoring the pipeline, while an international consortium involving Chevron, UCC Holding and TI Capital began technical and financial studies for the project[41]. The initiative could eventually reshape regional energy flows by connecting Iraqi resources to the Syrian Mediterranean coast and creating an additional export route that would not depend directly on transit through the Strait of Hormuz. At this stage, however, the project remains subject to feasibility, financing, intergovernmental coordination and security conditions rather than constituting a confirmed investment.

Projects of this scale illustrate why energy access in Syria cannot be assessed solely at the level of individual assets. The commercial viability of upstream production depends on transportation infrastructure, export routes, electricity availability, financing, security and relations with neighboring states. Control over infrastructure can also have implications beyond the project itself: pipelines, terminals, power networks and processing facilities can determine which regional supply chains Syria is able to participate in and which external partners gain a durable position in the market.

For Russian companies, this creates both an opportunity and a significant constraint. Russian oil and gas companies possess relevant technical expertise and experience across exploration, production, processing and energy infrastructure. Existing knowledge of Syrian assets and historical relationships may also reduce some information and market-entry barriers. However, energy is likely to remain one of the areas with the highest political, sanctions and geopolitical risk. Damascus may be particularly cautious about awarding strategic energy assets to a single external power while simultaneously seeking to diversify its international partnerships.

Before entering major projects, Russian companies would therefore need to assess not only the technical and commercial fundamentals of individual assets, but also their ownership structure, counterparties, financing sources, export routes and exposure to third-country sanctions and export controls. The identity of other participants may be equally important: projects involving Western, Gulf, Turkish or Iraqi partners can alter both the political acceptability and the financing structure of Russian participation.

For Russia, the most realistic opportunities may consequently lie in areas where its technical capabilities complement rather than compete directly with the emerging consortium structure around Syria's strategic energy assets. Engineering and technical services, equipment supply, field rehabilitation, power generation and selected infrastructure projects could offer lower-exposure entry points than direct acquisition or control of strategically sensitive assets. Over time, successful participation in these areas could provide a basis for deeper involvement, but the commercial case will depend on whether Russian companies can demonstrate value without creating additional geopolitical or compliance costs for Syrian and international partners.

Technology and industrial cooperation

Technology cooperation could provide Russian companies with a relatively low-capital entry point into Syria, particularly in engineering, energy,

Syrian interest	Risks for Russia
High	Medium, depends on technology type

Key stakeholders:

Supreme Council for Economic Development; relevant line ministries; state-owned industrial enterprises; local businesses and entrepreneurs; universities and technical institutes; professional associations; Russian technology and engineering companies; international technology partners; export-control authorities.

industrial automation and digital infrastructure. Existing Russian–Syrian educational and professional ties can support technical training, consulting and equipment supply while allowing companies to build relationships with local institutions and businesses before committing to larger investments.

The longer-term opportunity lies in moving from equipment and services toward distribution, maintenance, joint production and localization as demand develops. Training and technical cooperation can also build familiarity with Russian technologies and standards, creating a foundation for deeper industrial partnerships.

The main constraints are export controls, dual-use technologies and the political sensitivity of creating dependence on a particular foreign supplier or standard. This is particularly relevant to peaceful nuclear cooperation, which should be viewed primarily as a long-term intergovernmental opportunity. Overall, technology and engineering offer Russia a way to establish commercial and institutional footholds with limited initial exposure, while retaining the option to scale as Syria's market and regulatory environment mature.

Logistics and transport

Syrian interest	Risks for Russia
High	Medium

Key stakeholders:

Presidential center; Ministry of Transport; port and airport authorities; customs authorities; regional authorities in Latakia and Tartus; local logistics companies and traders; Russian transport companies; Turkey, Iraq, Jordan and Gulf states as participants in potential corridors; foreign infrastructure investors.

Transport and logistics could become one of the most strategically important sectors for Syria's long-term economic recovery. As regional trade patterns are reconfigured, land corridors connecting the Mediterranean with Turkey, Iraq, Jordan and the Gulf could become increasingly important, reducing Syria's role as a peripheral market and creating the potential for it to function as a regional transit and logistics hub. Realizing this potential will depend on the restoration of roads, border crossings, customs systems, ports and airports, as well as predictable cross-border procedures.

The reopening of regular international connections is an early indicator of this process: regular flights between Damascus and Moscow resumed on 16 August 2026. For Russian companies, opportunities may therefore extend beyond transport infrastructure itself to port operations, warehousing, customs logistics, freight management and services supporting emerging regional corridors.

Tartus remains particularly relevant. The restructuring of Russian presence in the port could create opportunities to retain Russian logistics capabilities while gradually shifting from predominantly military-logistical use toward broader commercial activity. However, historical Russian presence does not automatically translate into access to civilian infrastructure. As Syrian authorities assume greater control, Russian companies will need to establish new relationships with local operators and the emerging decision-making structure.

Development and construction

Syrian interest	Risks for Russia
High	Medium

Key stakeholders:

Presidential center; Supreme Council for Economic Development; Syrian Investment Authority; governors and municipalities; General Authority for Supply and Procurement; local construction companies and developers; major business groups; land and property owners; international investors and financial institutions.

Construction and infrastructure will likely remain one of the largest areas of demand in post-war Syria, spanning housing, roads, energy infrastructure, industrial facilities, public services and urban development. The market is already becoming competitive: around 200 companies from 11 countries have registered on the Rebuilding Syria platform, indicating that reconstruction is increasingly developing into a commercial market rather than remaining primarily humanitarian.

For Russian companies, a phased entry strategy may be most appropriate: beginning with construction materials, equipment and EPC contracts, followed by local partnerships and JVs, and eventually PPPs, concessions and direct infrastructure projects. This would allow companies to build local relationships and test the regulatory and counterparty environment before committing significant capital.

A key market-access risk is land ownership and local legitimacy. Large development projects can receive formal government approval while facing opposition from landowners and local communities, particularly where property is acquired or rezoned at scale. The proposed development of roughly 1,100 hectares in Jobar and Al-Qaboun, valued at around $21 billion, illustrates the potential scale of these tensions[42]. For foreign investors, local partners can therefore provide value beyond execution: they can help navigate land ownership, community interests and regional stakeholder relationships. At the same time, partner due diligence is critical, particularly where intermediaries are involved in acquiring distressed or disputed property.

Finance and banking

Syrian interest	Risks for Russia
High	High

Key stakeholders:

Central Bank of Syria; Ministry of Finance; Financial Intelligence Unit; Syrian state-owned and private banks; presidential center; Russian banks; international correspondent banks; insurance companies; export credit agencies; international financial institutions; major Syrian business groups and payment platforms; lobbying groups and regional elites.

Financial infrastructure is a critical constraint on the scalability of almost every other area of Russian–Syrian economic cooperation. Even where demand exists for Russian goods, equipment or investment, large projects will depend on the ability to make payments, raise financing, insure risks and access international financial channels.

Syria's gradual reintegration into the international financial system could expand the scope for trade and investment, while simultaneously raising expectations around transparency, compliance and financial integrity. For Russian companies, an important practical risk is de-risking: even where a transaction is legally permissible, foreign banks, insurers or other financial intermediaries may decline to process it because of perceived sanctions or compliance exposure.

Sanctions risk is also bilateral. Russian companies may face restrictions affecting their own operations or banking relationships, while Syrian counterparties may be concerned about potential exposure to secondary sanctions or restrictions arising from cooperation with Russian entities. This may make Syrian state institutions and private partners particularly cautious when selecting Russian financial and investment counterparties, especially for large infrastructure or government-linked projects.

Potential solutions include national-currency settlements, permitted alternative payment channels, bilateral banking relationships, export financing and political-risk insurance. These mechanisms, however, do not eliminate the need for transaction-level due diligence. Bankability will depend on the ownership structure of the parties, nature of the project, ultimate beneficial owners, intermediary banks, source of funds and jurisdictions involved.

At the same time, the modernization of Syria's financial system will raise the compliance threshold for foreign investors. Strengthening AML/CFT controls, KYC procedures for high-risk clients and PEPs, electronic transaction monitoring and beneficial-ownership disclosure will make transparency of ownership and source of funds increasingly important for Russian companies and their Syrian partners.

The financial sector should therefore be viewed both as a commercial opportunity and an enabling layer for Russian presence across the Syrian economy. The key question is not simply whether a transaction is legally permitted, but whether it can be made operationally bankable: financed, insured, settled and processed through institutions willing to assume the associated compliance and geopolitical risks. Without such mechanisms, otherwise competitive Russian projects in agriculture, construction, energy or industry may remain at the negotiation stage.

Conclusion

The analysis suggests that Russian–Syrian relations have entered a fundamentally different phase since the change of power in December 2024. Syria is moving away from an externally constrained model built around a limited number of partners and toward a more diversified economic and diplomatic architecture. Damascus is seeking capital, technology, infrastructure and market access from multiple sources while retaining room to balance between regional and global powers. International openness is therefore primarily a tool of economic recovery and risk diversification, rather than a commitment to any individual partner. Russian companies should consequently expect to compete for market access alongside Turkish, Gulf, European, US, Chinese and other international players.

This competition is particularly significant because Syria's long-term economic role may extend beyond reconstruction of its domestic market. If infrastructure, border controls and political conditions allow, Syria could become a connecting node between the Mediterranean, Turkey, Iraq, Jordan and the Gulf. The reactivation of Baniyas as an outlet for Iraqi fuel in 2026 already demonstrates the potential value of Syrian territory and ports as alternative trade routes. The proposed restoration of the Iraq–Syria oil pipeline and broader development of land corridors could further integrate Syria into regional energy and logistics networks, although these projects remain dependent on security, financing and political coordination.

This regional role also explains why the competitive environment is likely to be shaped particularly strongly by Turkey and the Gulf states. Turkey has geographical proximity, established trade networks and infrastructure links, while Saudi Arabia, the UAE and Qatar possess substantial capital and are already positioning themselves across infrastructure, energy, logistics, telecommunications, real estate and other reconstruction sectors. Syria therefore has an opportunity to diversify its external partnerships precisely because multiple actors have an interest in its reintegration into regional economic networks.

Russia enters this environment with significant accumulated political, institutional and infrastructure capital: decades of diplomatic relations, experience across the Syrian economy, existing energy and infrastructure capabilities, and established government and business contacts. Yet this legacy no longer guarantees preferential access. The restructuring of Russian facilities at Tartus and Hmeimim illustrates the broader transition

from a predominantly military-political relationship toward a more diversified economic one. Historical presence can lower some barriers to entry, but commercial access will increasingly depend on the value Russia can offer under Syria's new rules.

The geopolitical environment further reinforces this shift. Turkey's growing role in Syria has itself become a strategic variable for other regional actors. Reuters reported in 2025 that Israeli officials had advocated maintaining a Russian military presence in Syria partly as a counterweight to Turkey, reflecting concerns in Israel about Ankara's growing influence over the new Syrian order. This does not translate automatically into an economic advantage for Russia, but it illustrates the wider strategic competition surrounding Syria: the country's external partnerships are increasingly being shaped by how different actors assess the regional balance, rather than by bilateral Syrian–Russian relations alone.

For Russian business, the principal constraint is therefore not simply physical security or formal sanctions. It is the interaction between sanctions exposure, access to international finance, political sensitivity and Syria's desire to preserve diversified external relationships. A Russian counterparty may be legally able to operate in Syria while still creating additional compliance, banking, insurance or reputational costs for its Syrian partner. This is particularly relevant in strategic infrastructure, energy, military-technical cooperation and dual-use technologies. The practical question is consequently shifting from "Can we enter the Syrian market?" to "Under what structure can this project remain bankable, politically acceptable and scalable?"

This points toward a phased model of market entry. Initial opportunities are more likely to lie in exports, equipment and food supplies, engineering services, distribution and relatively low-capital projects conducted through reliable local partners. Successful relationships can then develop into JVs, localization, infrastructure projects and direct investment. The objective should not be to reproduce the large-scale state-centred model of Russia's previous presence, but to convert accumulated political and institutional capital into durable commercial relationships.

The strongest long-term opportunity may therefore lie in economic interdependence rather than dependence. Russian companies that integrate into Syrian value chains, employ and train local specialists, develop local suppliers, establish maintenance and distribution capabilities and participate in regional logistics can create relationships that are more durable than simple commodity exports. Technology and human-capital

cooperation can reinforce this process, while logistics and energy infrastructure can connect Russian commercial activity to Syria's emerging role in regional trade.

The strategic importance of these linkages is likely to increase if Syria succeeds in becoming a functioning regional transit and production platform. Energy projects such as the potential Iraq–Syria corridor, maritime access through Baniyas and Tartus, overland connections through Turkey, Iraq and Jordan, and Gulf-backed infrastructure investment should therefore be viewed not as isolated projects but as components of a broader regional economic architecture. The more corridors Syria can develop simultaneously, the greater its ability to diversify partners and reduce dependence on any single external power.

For Russia, the resulting opportunity is real but conditional. Its ability to establish a durable position will depend on three factors: providing economic value that Syria actually needs; fitting into Damascus's multi-vector external strategy; and limiting the additional geopolitical and compliance risks associated with Russian participation. The competitive advantage will therefore not necessarily belong to the actor that seeks the largest market share first, but to those able to understand the emerging decision-making architecture, identify where Russian capabilities complement rather than duplicate other partners, and build commercial relationships that remain valuable as Syria's regional role evolves.

In this sense, the emerging opportunity is not simply "Russia in Syria", but Russia within a changing Syrian and regional economic system. The country's reconstruction, reorientation of trade routes and diversification of external partnerships are creating a market in which political capital can still matter—but only when converted into commercially viable, locally embedded and internationally workable forms of cooperation.

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