Doing Business in Syria

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Introduction

Syria, strategically positioned at the crossroads of the Middle East, is a country with a civilization stretching back millennia, once celebrated for its vibrant trade, rich heritage, and skilled workforce. In 2025, however, it stands deeply scarred by over a decade of catastrophic civil conflict that began in 2011. The consequences of this prolonged upheaval have been profound, fundamentally altering the nation’s social fabric, its economic foundations, and its political structure. The business environment that exists today is unlike that of pre-war Syria, or indeed almost anywhere else in the world.

The years of war have inflicted massive destruction on Syria’s infrastructure – roads, power grids, hospitals, and water systems are in tatters, while millions have been displaced by violence and economic collapse. Different parts of the country remain under the control of competing groups: the central government, opposition factions, Kurdish authorities, and international actors. This fragmentation creates a patchwork of legal, economic, and security conditions that can shift suddenly and unpredictably. On top of this, international sanctions, particularly those imposed by the United States and the European Union, present formidable barriers to trade, finance, and investment, exposing entrepreneurs to severe legal and financial risks.

It is in this daunting context that "Doing Business in Syria: A Comprehensive Guide for Prospective Entrepreneurs" seeks to provide clarity and up-to-date, Syria-specific information. This book does not deal in broad generalities applicable to every emerging market or post-conflict economy. Instead, it is rooted in the realities of Syria’s current situation: the collapse of the Syrian pound and the dual-currency system, the omnipresence of corruption and informal networks, the intricacies of sanctions compliance, and the daily operational challenges stemming from damaged infrastructure and unreliable utilities. Special emphasis is placed on the unique risks associated with each business sector and region, and how local power dynamics and conflict legacies shape both obstacles and limited openings.

At the same time, the book recognizes that necessity breeds innovation and that, even amidst crisis, Syrians demonstrate extraordinary resilience and adaptability. There are pockets of economic activity, particularly related to essential goods, local services, reconstruction, agriculture, and in some cases, digital enterprises reaching the diaspora. However, every potential opportunity is intertwined with high risk, and every decision must be weighed with caution, deep local insight, and a commitment to due diligence far exceeding what would be required in more stable settings.

Prospective entrepreneurs are urged to approach Syria with realistic expectations,

robust risk mitigation strategies, and access to trustworthy legal and local expertise. The realities detailed in this book are not intended to deter outright, but to enable informed, prudent decision-making grounded in an unvarnished assessment of conditions as they exist today. The situation in Syria is rapidly evolving, and the fortunes of any business venture are intimately linked to shifts in power, policy, and the persistent humanitarian crisis.

In sum, this guide is designed to be an indispensable resource for anyone seriously contemplating business engagement in Syria, balancing rigorous analysis of challenges with practical advice and a clear-eyed appraisal of what might be possible in one of the world’s most difficult – and consequential – markets.

CHAPTER ONE: The Historical and Political Landscape: Syria in Context

Understanding the environment for doing business in Syria today demands more than a glance at current headlines or economic statistics. The roots run deep, tangled in millennia of history, conquest, trade, and shifting political tides. Situated at a vital geographical crossroads, where continents and cultures have met, clashed, and mingled for centuries, Syria has always been a place of immense strategic importance. Its major cities, Damascus – often cited as the oldest continuously inhabited capital in the world – and Aleppo, were linchpins of ancient trade routes, including the legendary Silk Road, connecting the Mediterranean world with Persia, India, and China. This long history has embedded a certain resilience and commercial acumen in the Syrian psyche, but it has also left a legacy of complex social structures and vulnerability to external influence.

Long before the rise of Islam, Syria was a cradle of civilization. Kingdoms like Ebla and Ugarit pioneered early forms of writing and statecraft. Later, under Roman rule, Syria flourished as a wealthy province, its cities adorned with grand architecture and its agricultural lands producing bountiful harvests. The region was integrated into vast imperial networks, developing infrastructure and administrative systems that facilitated trade and governance. The diversity of the population, including various Semitic peoples, Greeks, Romans, and Armenians, established a pattern of coexistence, albeit often stratified, that would continue in different forms throughout history. This ancient past isn't just a historical footnote; it underscores the region's inherent potential and the deep-seated importance of trade and connectivity.

The arrival of Islam in the 7th century marked a pivotal transformation. Damascus became the capital of the Umayyad Caliphate, the centre of a vast empire stretching from Spain to Central Asia. This era cemented Syria's importance in the Arab and Islamic world, fostering advancements in science, art, and architecture. Later, under various subsequent dynasties and eventually the Ottoman Empire from the early 16th century, Syria remained a significant administrative and commercial hub. The Ottomans established a system of governance that largely allowed local customs and religious communities (millets) a degree of autonomy, particularly in personal status matters, while maintaining overall political control and extracting revenue. Major cities like Aleppo thrived as cosmopolitan centres of international trade, hosting European merchant colonies and connecting overland routes with maritime trade. This Ottoman legacy, while promoting a form of pluralism, also reinforced communal identities that would later be politicized.

The collapse of the Ottoman Empire after World War I ushered in a new era of foreign domination under the French Mandate, established by the League of Nations. The French, along with the British, carved up the former Ottoman territories according to their own geopolitical interests, often creating artificial borders that disregarded existing ethnic, sectarian, and economic realities. Syria's modern boundaries were largely defined during this period. The French pursued policies aimed at consolidating their control and exploiting resources, investing in infrastructure primarily geared towards linking productive agricultural areas or potential resource sites to coastal ports. They also experimented with administrative divisions, briefly creating separate statelets for minority groups like the Alawites and Druze before incorporating them into a unified Syrian state, a move that sowed seeds of future resentment and suspicion.

Independence in 1946 did not bring immediate stability. The subsequent decades were marked by political turbulence, including a series of military coups and counter-coups between 1949 and 1963. Political life was fractured, characterized by intense rivalries between traditional elites, emerging military factions, and competing ideologies, including Arab nationalism, socialism, and Islamism. A brief, ill-fated union with Gamal Abdel Nasser's Egypt to form the United Arab Republic (1958-1961) highlighted Syria's distinct national aspirations and ultimately failed due to political disagreements and Egyptian dominance. This period of chronic instability weakened state institutions and paved the way for a more decisive, and authoritarian, political force to take control. The constant upheaval left the business community wary and hindered long-term economic planning, favouring short-term gains and reliance on personal connections.

The pivotal moment came in 1963, when the Arab Socialist Ba'ath Party seized power in a coup. The Ba'athists, espousing a doctrine of Arab unity, freedom, and socialism, aimed to modernize Syria, assert its independence from foreign powers, and implement socialist economic reforms. Initially, the party itself was subject to internal power struggles, particularly between its more doctrinaire civilian founders and ambitious military officers. These internal rivalries reflected broader societal divisions and competing visions for Syria's future. The early Ba'athist period saw significant state intervention in the economy, including land reforms and nationalization of key industries, which aimed to break the power of the old landowning and merchant elites but also concentrated economic control in the hands of the state and the party.

This internal struggle culminated in 1970 with the "Corrective Movement," a coup led by Defence Minister Hafez al-Assad, an Air Force general from the minority Alawite community. Assad consolidated power swiftly and ruthlessly, purging rivals within the party and the military. He established a highly centralized, authoritarian state built around the Ba'ath Party, the powerful security services (the Mukhabarat), and the armed forces. While the state maintained a secular and Arab nationalist ideology, key

positions in the military and intelligence agencies increasingly came to be held by individuals from the Alawite community and others trusted by Assad, creating a loyal inner circle. However, Assad was also pragmatic, co-opting segments of other communities, including influential Sunni merchant families in Damascus and Aleppo, and Christians, into the power structure through patronage and controlled economic opportunities, ensuring a broader base of support, or at least acquiescence, for his regime.

Under Hafez al-Assad's three-decade rule (1970-2000), Syria experienced a period of relative political stability, albeit enforced through repression. Dissent was not tolerated, and political opposition was systematically crushed, most brutally demonstrated in the 1982 Hama massacre, where the military levelled parts of the city to quell an uprising by the Muslim Brotherhood, killing thousands. The economy was largely state-dominated, with significant public sector employment and state control over major industries, finance, and foreign trade. While this provided a degree of social welfare and stability for some, it also led to inefficiency, corruption, and stifled private initiative beyond regime-approved circles. Externally, Assad positioned Syria as a key player in regional politics, opposing peace treaties with Israel, intervening militarily in Lebanon, and forging strategic alliances with the Soviet Union and, later, post-revolutionary Iran. This foreign policy posture consumed significant resources and contributed to Syria's international isolation, particularly from the West.

The death of Hafez al-Assad in 2000 and the carefully managed succession of his son, Bashar al-Assad, initially raised hopes for political and economic reform. Bashar, a British-trained ophthalmologist, seemed to represent a younger, more modern generation. A brief period of relative openness, known as the "Damascus Spring," saw intellectuals and activists cautiously testing the boundaries of free expression. However, this thaw proved short-lived, as the regime's old guard reasserted control, fearing that genuine liberalization could undermine their power. Economic reforms were introduced, but they were often partial and selective, primarily benefiting individuals and families closely connected to the regime. Sectors like banking, telecommunications, and real estate were opened to private investment, creating new wealth for a politically connected elite while leaving many Syrians behind. Crony capitalism flourished, exacerbating existing inequalities and fuelling public resentment.

While Bashar al-Assad maintained the core authoritarian structures inherited from his father – the dominance of the Ba'ath party, the pervasive influence of multiple, often competing, security agencies, and strict limits on political freedom – the context was changing. The rise of satellite television and the internet, despite state censorship, exposed Syrians to alternative viewpoints. Years of drought, particularly from 2006 to 2010, devastated agricultural communities in the east and drove hundreds of thousands of impoverished rural families into the already overcrowded outskirts of major cities, creating tinderboxes of social discontent. High youth unemployment,

rising living costs, blatant corruption that seemed to enrich only those with connections (known as 'wasta'), and the perceived injustices of the limited economic liberalization combined with the long-standing lack of political freedom created a fertile ground for unrest. When protests erupted across the Arab world in early 2011 – the Arab Spring – Syria was primed.

The spark ignited in the southern city of Daraa in March 2011, initially driven by local grievances over the arrest and torture of youths who had scrawled anti-regime graffiti. The government’s disproportionately violent response – firing on unarmed protestors – mirrored the regime's historical reliance on force but, in the changed regional climate, inflamed rather than suppressed dissent. Protests spread rapidly across the country, demanding dignity, freedom, and an end to corruption. The regime consistently framed the protests as a foreign conspiracy orchestrated by extremists, refusing meaningful political concessions and escalating its crackdown. As peaceful protests were met with lethal force, segments of the opposition began to take up arms, often led by defectors from the Syrian army. The conflict quickly spiralled, attracting regional and international intervention.

The descent into full-blown civil war was complex and multi-layered. Regional powers like Saudi Arabia, Qatar, and Turkey began supporting various armed opposition groups, seeking to weaken Assad and his Iranian allies. Iran, alongside Hezbollah from Lebanon and later Russia (most decisively from 2015), intervened militarily to prop up the besieged Assad regime, viewing its survival as critical to their regional interests. The United States and European countries offered varying degrees of support to moderate opposition factions, while also leading a coalition against the Islamic State of Iraq and Syria (ISIS), an extremist group that exploited the chaos to seize vast swathes of territory in Syria and Iraq from 2014 onwards. The battlefield became incredibly fragmented, with fighting between the regime, a multitude of mainstream and Islamist opposition groups, Kurdish forces (primarily the YPG), and ISIS. This fragmentation destroyed the Syrian economy, displaced millions internally and externally, and shattered the country's social fabric along political, sectarian, and regional lines.

By 2025, while large-scale combat has subsided compared to the peak years of the war, Syria remains a deeply fractured nation. The Assad regime, backed by Russia and Iran, has regained control over major population centres and significant territory, including Damascus, Aleppo, Homs, Hama, and the coastal regions. However, large areas remain outside its effective control. The northwest, particularly Idlib province, is dominated by Hay'at Tahrir al-Sham (HTS), a former al-Qaeda affiliate, and Turkish-backed opposition groups, hosting millions of displaced people reliant on cross-border aid. The northeast is largely administered by the Kurdish-led Autonomous Administration of North and East Syria (AANES), backed by a residual US military presence focused on preventing an ISIS resurgence, though this region faces Turkish incursions and simmering tensions with Damascus. The political landscape is thus characterized by de facto partition, profound mistrust between different actors, and

the pervasive influence of external patrons whose interests often diverge.

This historical trajectory – from ancient trading hub through Ottoman rule, French mandate, post-independence instability, decades of rigid Ba'athist authoritarianism under Hafez al-Assad, followed by Bashar's flawed liberalization and the catastrophic civil war – provides the essential backdrop for understanding the challenges of doing business in Syria today. The legacy of centralized state control, even if weakened, persists in the labyrinthine bureaucracy and the expectation of state oversight. The history of patronage networks, significantly reshaped but not eliminated by the conflict, influences who gets access and how deals are done. Decades of political repression have stifled independent civil society and created a climate of fear and uncertainty. The conflict itself has not only caused physical destruction but has also entrenched divisions, empowered local strongmen and militias, and created competing zones of authority with different rules and risks. The profound impact of foreign intervention means that Syria's political and economic future remains heavily dependent on external actors and geopolitical alignments discussed elsewhere in this guide. Navigating this landscape requires acknowledging these deep historical currents that continue to shape the present.

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