

Political Briefing

President Trump's Sanctions Rollback Signals Major Shift in Syria Policy

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Wa'el Alzayat

President Trump's decision to lift sanctions on Syria is a historic development with potentially far reaching impact on Syria and the broader region. Syria has been under multiple tiers of sanctions going back to its 1979 designation as a State Sponsor of Terrorism. Additional sanctions were levied because of its occupation of Lebanon and former President Bashar al-Assad's human rights violations against the Syrian people. The announcement, if implemented fully, would see the lifting of restrictions on financial transactions with the Syrian Central Bank and other financial institutions doing business with or in Syria. This could significantly impact the ability to attract and facilitate foreign direct investment, a requirement for any meaningful reconstruction projects. With hundreds of thousands of destroyed or damaged housing units and a debilitated essential services infrastructure, the infusion of foreign capital to fund the reconstruction effort is desperately needed.

Syria's economy, which was mainly driven by agricultural and light manufacturing production, in addition to oil production prior to the war, is ripe for investment and has the potential to begin contributing to the regional economy in quick order. Syria's labor market will likely get a boost from sanctions relief as domestic and foreign reconstruction projects commence. Before this happens, U.S. agencies and regulatory bodies will need to move expeditiously to implement the President's decision. Certain sanctions and designations of Assad-affiliated entities and figures are expected to remain to ensure that they are not allowed to benefit or to escape accountability. In addition, Congressional support will be needed, especially in regards to suspending, and eventually ending sanctions under the Caesars Civilians Protection Act which placed secondary sanctions on entities or countries that conducted commercial activities with the Syrian state.