



The Syrian Economy in the First Half of 2026

Uneven Growth and Persistent
Structural Pressures

Special Report

Omran for Strategic Studies

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One of the Syrian Forum program's



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Executive Summary

- **Uneven sectoral recovery:** Available indicators suggest an uneven economic recovery. Sectoral estimates for 2025 show stronger performance in construction, trade, transport, communications, and energy than in manufacturing and agriculture. Growth projections for 2026 point to further expansion, but limited data prevent a firm assessment of sectoral performance during the first half of the year.
- **Labor-market recovery remains weak:** Employment conditions have not improved at the same pace as economic activity. Informal employment, low female participation, and the limited expansion of MSMEs continue to constrain job creation, while returning refugees and internally displaced persons add further pressure on local labor markets.
- **Higher wages have not translated into stronger living standards:** Despite increases in household incomes and public-sector salaries, nominal wage growth remains insufficient to offset weak purchasing power. Syria remains a low-income economy, while wages and salaries continue to absorb a significant share of public expenditure.
- **Inflation and poverty pressures have re-emerged:** Annual inflation was estimated at around **27.5% in April 2026**, with drivers shifting from exchange-rate depreciation and shortages toward higher service, energy, and fee costs. Poverty lines rose by roughly 15% between January and April, while food accounted for around **52.5% of household spending**, leaving households highly vulnerable to price shocks.
- **Humanitarian pressures remain significant:** Around **15.6 million people** still require humanitarian assistance, even as available funding covers no more than approximately 43% of estimated funding needs. The resulting financing gap limits the ability of humanitarian aid to cushion households against weak incomes, rising living costs and an inadequate social-protection system.
- **Trade expansion remains import-driven:** The total weight of imported goods during the first half of 2026 exceeded that recorded for all of 2025 by around 35%, reflecting improved trade flows and availability of goods, but also continued dependence on external markets and weak export capacity. Trade with Türkiye, China, neighboring states, and Gulf countries also expanded.
- **Export growth remains limited in quality:** Exports have increased to several Arab markets, but much of this growth remains concentrated in raw materials and low-value-added goods, limiting its impact on production and employment.
- **Currency and fiscal pressures persist:** The Syrian pound depreciated by approximately **9.4% at the official rate and 14.8% in the parallel market (black market)** between January and June. The 2026 budget also shifted from a limited surplus to an estimated **USD 1.8 billion deficit**, while current and security-related spending continues to outweigh investment expenditure.

- **The bigger challenge is turning a revival in markets into a recovery in production:** Although the 2026 budget projects higher and more diversified public revenues, sustainable recovery will depend on expanding productive investment, strengthening industry and agriculture, increasing higher-value-added exports, and creating employment.

Introduction

During the first half of 2026, the Syrian economy underwent a series of shifts associated with efforts to revive economic sectors after years of external isolation, sanctions, contraction, and erosion of the productive base. These developments also included continued opening toward external markets, the expansion of trade links, and changes in fiscal and monetary policies. At the same time, structural imbalances persisted in the labor market, productive sectors, and the trade balance, alongside renewed inflationary pressures and a depreciation of the Syrian pound against the US dollar.

This report covers six interrelated areas: **gross domestic product; the labor market and income; inflation and poverty; foreign trade; the exchange rate; and public finance.** Given the limited availability of timely and comprehensive economic data since the fall of the Assad regime, and the often-substantial differences between official and independent estimates, this report adopts a monitoring and comparative approach. Rather than relying on any single dataset, it triangulates economic and sectoral indicators across multiple sources. These include official statements and data released by Syrian authorities; reports and datasets from international institutions, including the World Bank; official statistics from countries with significant trade and economic relations with Syria; and analysis produced by research centers and specialised economic platforms. News reports are used primarily to track recent developments and official announcements where more systematic data is not yet available. This approach does not eliminate the underlying data gaps, but it allows those following developments in the Syrian economy to compare competing estimates, identify emerging trends, and distinguish relatively robust developments from indicators that remain uncertain or provisional.

The report does not seek to provide a comprehensive assessment of the Syrian economy. Rather, it offers a general economic overview of the first six months of 2026, with comparisons to earlier periods, in an effort to identify the nature of the ongoing recovery across economic sectors, as well as the structural imbalances and challenges that continue to confront the Syrian economy.

Gross Domestic Product: Uneven Sectoral Growth

The International Monetary Fund (IMF) estimated that the Syrian economy would grow by more than **10% in 2026**, driven by improvements in agriculture, oil and gas production, electricity supply, trade, and services, as well as by the return of refugees, rising visitor numbers, and increased government spending.⁽¹⁾ This estimate broadly aligns with the expectations of Syria's Minister of Finance, who indicated that economic growth could reach

⁽¹⁾ International Monetary Fund, "IMF Staff Concludes Visit to Syria," August 4, 2026. <https://shorturl.at/Z6shL>

approximately **11.3% in 2026**.⁽²⁾ Nevertheless, the detailed data and methodologies underpinning these estimates remain limited and unclear, making it difficult to assess the sources of growth and its sustainability, particularly in the absence of recent and comprehensive national accounts data.

Pending further independent estimates of Syria's economic performance in **2026**, the wide range of estimates for **2025** illustrates the uncertainty surrounding the pace of the recovery. The **World Bank** estimated real GDP growth at around **1%**, following a contraction of approximately **1.5% in 2024**.⁽³⁾ The Syrian Center for Policy Research was more cautious, estimating growth of just 0.3% compared with 2024,⁽⁴⁾ whereas Syria's Minister of Finance put the figure at 4%.

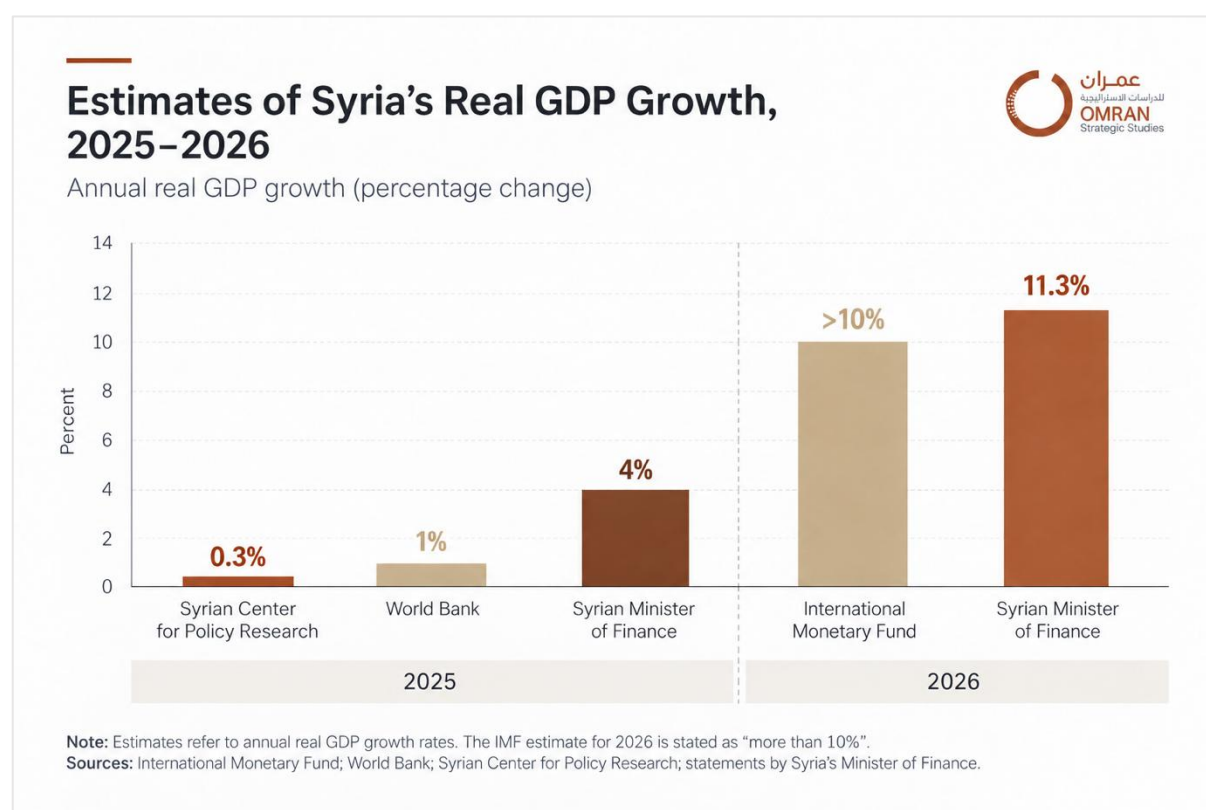


Chart 1. Estimates of Syria's Real GDP Growth, 2025-2026

Until government data on the sectoral composition of GDP in 2025 become available, estimates by the World Bank and the Syrian Center for Policy Research on the performance of Syria's economic sectors between **2010 and 2025** provide a useful basis for assessment.⁽⁵⁾ A comparison of these estimates indicates declining performance across several productive and service sectors, including agriculture and government services, under the combined pressures

(2) "Minister of Finance to SANA: We Expect Economic Growth of 11.3% and Revenues Exceeding USD 8 Billion in 2026," SANA, August 10, 2026. <https://shorturl.at/z6y9U>

(3) World Bank, Syria Macroeconomic and Fiscal Assessment, July 7, 2025. <https://shorturl.at/zJsAm>

(4) Syrian Center for Policy Research, Rhetorical Recovery and Actual GDP Stagnation in Syria, March 24, 2026. <https://shorturl.at/47IXp>

(5) For further discussion, see World Bank, Syria Macroeconomic and Fiscal Assessment; and Syrian Center for Policy Research, Rhetorical Recovery and Actual GDP Stagnation in Syria, cited above.

of recurrent drought, rising production costs, and the redefinition of the state's economic and social role during the transitional period.

By contrast, **construction, domestic trade, transport and communications, oil, and electricity** recorded positive performance. This improvement can be attributed to several overlapping factors, most notably the return of refugees and internally displaced persons and the resulting increase in demand for housing, goods, and essential services. It also reflects government measures aimed at stimulating markets, facilitating foreign trade, and revitalizing the energy sector through private investment and regional and international partnerships.

Labor Market and Income: Fragility and Structural Shifts

Estimates of unemployment vary widely, underscoring how difficult it remains to construct a reliable picture of Syria's labor market. Limited and uneven data, alongside differences in definitions, reference periods and estimation methods, make direct comparisons difficult. Preliminary estimates from the International Labour Organization put unemployment at more than 24%,⁽⁶⁾ while the World Bank estimated a considerably lower rate of around 14% in 2025. These figures appear relatively optimistic compared with government estimates: in its report for the first quarter of 2026, the Syrian Development Fund placed unemployment at more than 50%.⁽⁷⁾ The wide divergence among these estimates reflects the persistence of major data gaps in Syria's labor market, as well as possible differences in the definition of unemployment and the labor force and in the geographic coverage adopted by different sources.

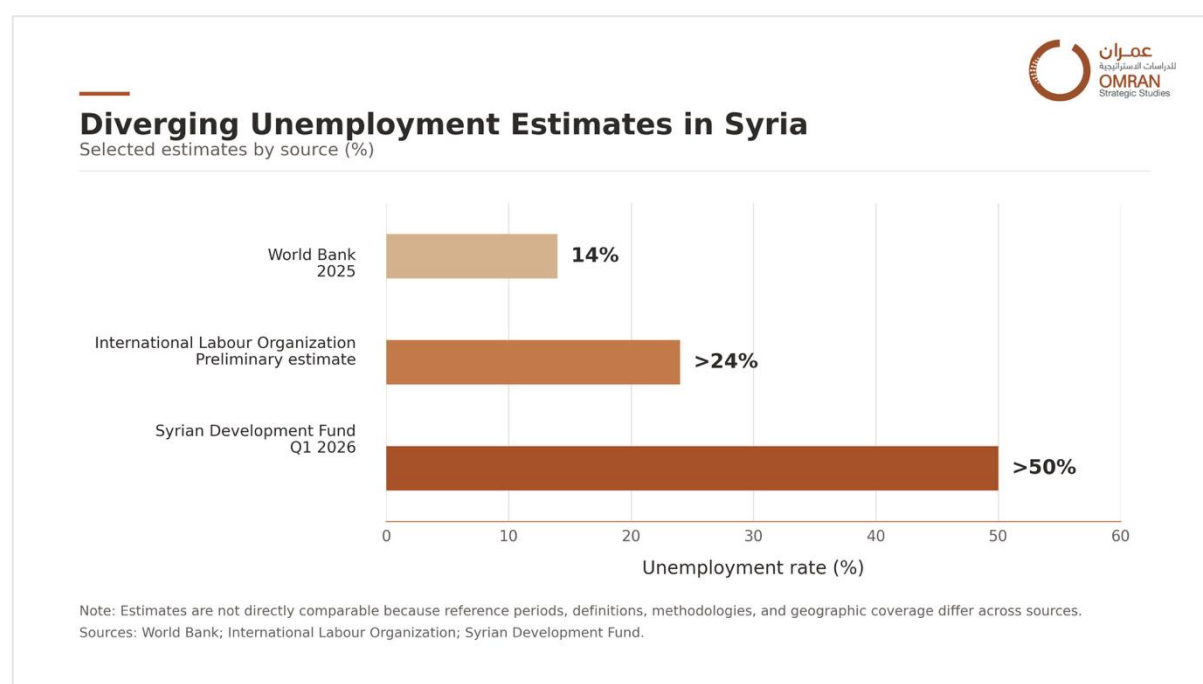


Chart 2. Diverging Unemployment Estimates in Syria

⁽⁶⁾ “Rising Unemployment Rates in Syria: What Is the Ministry of Social Affairs and Labor’s Plan to Address the Problem?” Syrian Alikhbaria Channel, May 4, 2026. <https://www.youtube.com/watch?v=cSNdQiB8Iwg>

⁽⁷⁾ Syrian Development Fund, First Quarter 2026 Report. <https://sl1nk.com/5zzwzkq>

The labor market is a key indicator for assessing the trajectory of economic recovery and social stability. High unemployment, weak job creation, and workforce dismissals affect not only economic activity and household income, but also levels of confidence, stability, and social cohesion. In this context, international and research reports point to persistent structural fragility in Syria's labor market, driven by a range of accumulated distortions that have been exacerbated by years of conflict and subsequent economic and institutional transformations.

Among the most prominent of these distortions is the **widespread prevalence of informal employment**. International Labour Organization estimates indicate that approximately **83% of workers lack formal regulation and protection**, alongside low female labor-force participation, rising child labor, and the **limited capacity of MSMEs to expand and generate employment**.⁽⁸⁾ Labor-market pressures are also increasing as large numbers of Syrians return from neighboring countries and internally displaced persons return to their areas of origin. Approximately **1.67 million Syrians returned from neighboring countries**, while around **1.9 million internally displaced persons resettled in their areas of origin**,⁽⁹⁾ increasing both labor supply and demand for employment and services within local economies.

The available data also reveal a redistribution of employment across economic sectors, reflecting changes in the structure of the Syrian economy resulting from the legacy of the conflict and subsequent government policies. According to World Bank Group data, the share of workers employed in industry declined from **31% in 2011 to 25% in 2025**, while the share employed in services increased from **55% to 59%** over the same period. This points to a continued shift of labor toward service activities and a corresponding decline in the relative weight of productive sectors.

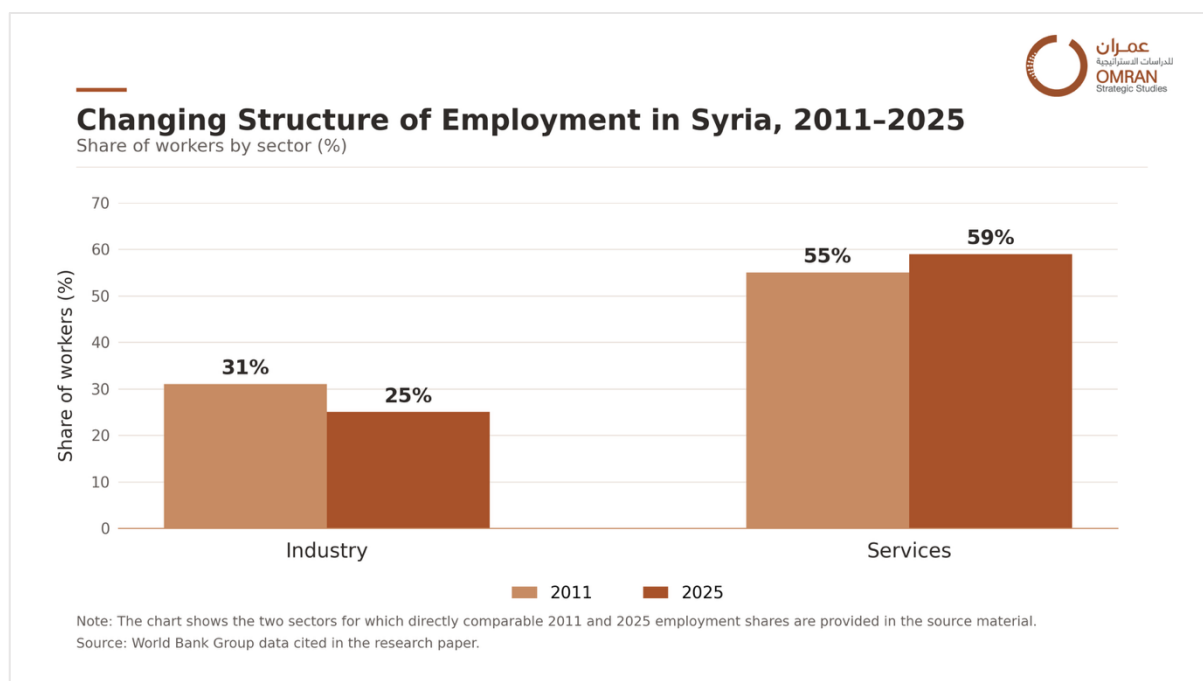


Chart 3. Changing Structure of Employment in Syria, 2011-2025

⁽⁸⁾ International Labour Organization, Syria: Promoting Decent Work in Time of Transition – ILO's Programme of Support (POS), October 2025. <https://shorturl.at/4mvvj>

⁽⁹⁾ UNHCR, Returns to Syria Regional Update – April–May 2026, July 20, 2026. <https://shorturl.at/3L0it>

Against a backdrop of high unemployment, layoffs, poor working conditions, weak enforcement of labor protections, limited social insurance, and fragmented institutional coordination, pressures in the labor market risk becoming a growing source of **grievance and social discontent**. Some manifestations of these pressures have already appeared in labor protests and strikes centered on wages, working conditions, and job security. In June, for example, labor strikes took place at several industrial facilities in Rural Damascus, including pharmaceutical, ceramics, and detergent plants.⁽¹⁰⁾ While such incidents do not by themselves indicate a broader pattern of labor unrest, they illustrate how economic insecurity can translate into workplace grievances and collective action.

Sectoral disparities are also evident in wage levels and labor demand. The daily wage of a construction worker increased from **USD 4 to between USD 7 and 12**, driven by the recovery of construction activity and rising demand for labor associated with rehabilitation and reconstruction. By contrast, the daily wage of an agricultural worker remained at no more than **USD 5.5**, even though agriculture and activities linked to agricultural value chains continue to absorb approximately **15–20% of the labor force**.⁽¹¹⁾ These patterns point to an uneven recovery in labor demand across sectors, alongside significant differences in labor productivity and in the capacity of individual sectors to generate higher incomes.

At the income level, several indicators point to a nominal improvement in household incomes and wages during 2025 and 2026, although this should not necessarily be interpreted as a comparable improvement in real living standards. The **World Bank classified Syria as a low-income economy for fiscal year 2026**,⁽¹²⁾ a category covering economies with gross national income (GNI) per capita of no more than **USD 1,175 annually**. Syria's GNI per capita, meanwhile, had not exceeded **USD 830 in 2024**.⁽¹³⁾ At the same time, the Household Food Security Report issued by Syria's Planning and Statistics Authority indicated that average Syrian household income increased by approximately **29.1% between 2024 and 2025**, while salaries and wages accounted for around **27.4% of household income sources**.⁽¹⁴⁾

This was accompanied by a series of decrees and government measures to raise public-sector salaries and wages, including Decree No. 102 of June 2025, Decrees Nos. 67, 68 and 69 of March 2026, and Decree No. 135 of May 2026. Wage policy carries considerable fiscal and social significance, particularly given that salaries and wages accounted for approximately **41% of total public expenditure in 2025**, according to data from Syria's Ministry of Finance.⁽¹⁵⁾

⁽¹⁰⁾ Labor strikes at Pharmasyr, Zenobia, and Madar factories.

⁽¹¹⁾ Danish Refugee Council, Syria: Labour Market Assessment Report, March 17, 2026. <https://shorturl.at/88yan>

⁽¹²⁾ "World Bank Lists Syria Among Low-Income Economies," Enab Baladi, June 30, 2026. <https://shorturl.at/XfoeS>

⁽¹³⁾ World Bank, Syria Macroeconomic and Fiscal Assessment, cited above.

⁽¹⁴⁾ Syrian Planning and Statistics Authority, Household Food Security Report 2025, Phase Nine. <https://shorturl.at/EvmB7>

⁽¹⁵⁾ According to statements by Syria's Minister of Finance, approximately **852,000 government employees** in the defense, interior, health, education and higher education, and justice sectors benefited from targeted salary increases, representing more than **65% of public-sector employees**, while approximately **114,000 employees** benefited from general salary increases. "The Wage and Salary System: A Special Discussion on the Increase and

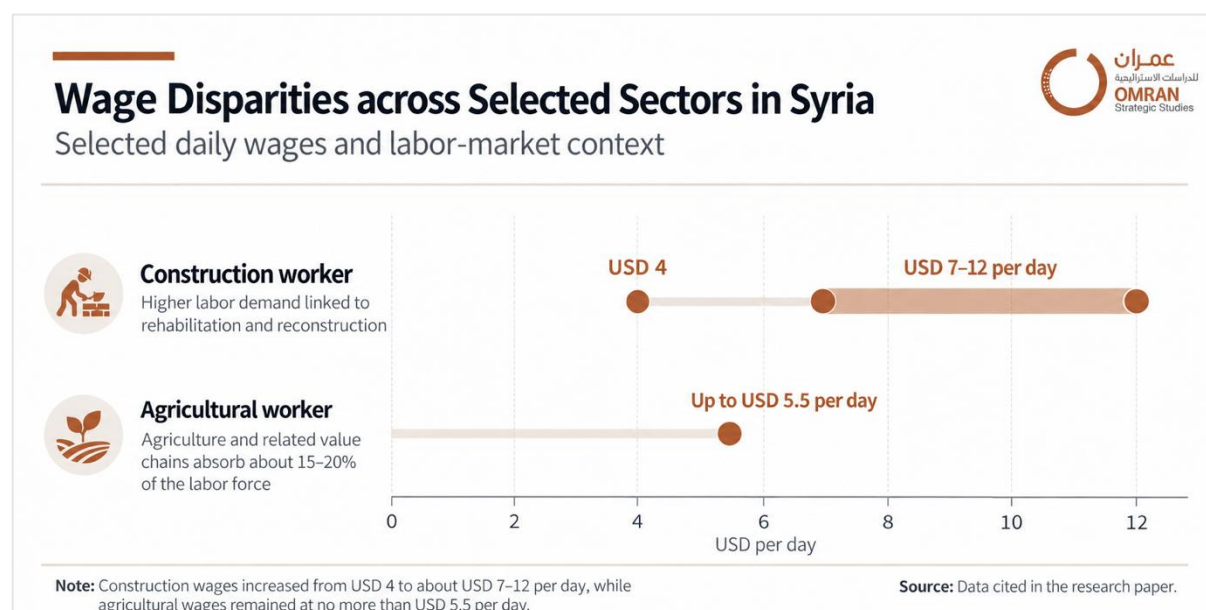


Chart 4. Wage Disparities across Selected Sectors in Syria

Inflation and Poverty: A Renewed Squeeze on Households

Inflationary pressures eased sharply in 2025, following several years of exceptionally rapid price increases. According to World Bank estimates, average inflation reached approximately **96.5% during 2020–2024**.⁽¹⁶⁾ By the end of 2025, Governor of the Central Bank of Syria Abdul Qadir Husriya stated that inflation had slowed to around **15%**.⁽¹⁷⁾ Meanwhile, data from Syria's Planning and Statistics Authority indicate that the general price level declined by approximately **27% in 2025 compared with 2024**. These figures should not be treated as a single comparable series without clarifying their reference periods, price measures, and methodologies. In particular, slower positive inflation means that prices are still rising, whereas a decline in the general price level indicates deflation.

Several developments appear to have helped ease supply constraints and improve the availability of goods, while tighter monetary conditions reduced some of the pressures that had fuelled inflation in previous years. On the supply side, the removal of restrictions on markets and the movement of goods, the easing of sanctions and other external economic constraints, and stronger import flows helped alleviate shortages. At the same time, the Central Bank of Syria pursued a tighter monetary stance, seeking to restrain monetary expansion and contain inflationary pressures. Together, improved supply conditions and tighter monetary policy contributed to the marked easing of price pressures.

This trend, however, did not continue at the same pace in 2026, as inflationary pressures began to rise again. Annual inflation reached approximately **27.5% in April 2026**, according to estimates by the Syrian Center for Policy Research. Its reports point to a relative shift in the

Its Role in Improving the Quality of Public Services,” Syrian Alikhbaria Channel, YouTube, January 22, 2026. <https://shorturl.at/xLQDW>

⁽¹⁶⁾ World Bank Group, Syria Macroeconomic and Fiscal Assessment, June 2025. <https://shorturl.at/WWmFA>

⁽¹⁷⁾ “Central Bank of Syria Governor Abdul Qadir Husriya to CNBC Arabia: Inflation Slowed from 170% to 15%,” CNBC Arabia, December 30, 2025. <https://shorturl.at/JrOsE>

nature of inflationary pressures. Whereas inflation during the conflict years was largely associated with exchange-rate deterioration, commodity shortages, supply-chain disruptions, and monetary expansion, price pressures during the transitional period have increasingly been linked to **higher costs of public services and utilities, the restructuring of prices for subsidized goods and services, and increases in fees and levies.**⁽¹⁸⁾

Preliminary indicators for 2026 suggest that the nature of Syria's inflation is changing. Price pressures that were previously driven largely by monetary expansion, currency depreciation and supply shortages increasingly appear to reflect a broader mix of higher production and energy costs, the repricing of public services and administered prices, and recovering demand. Inflation, in other words, is becoming less a symptom of acute scarcity and monetary instability alone and more a reflection of the **costs and adjustments accompanying the economic transition.**

Turning to **poverty lines in Syria**, renewed inflationary pressures have had a direct impact on living standards and poverty thresholds. Research estimates indicate that Syria's three poverty lines—the **extreme poverty line**,⁽¹⁹⁾ the **lower poverty line**,⁽²⁰⁾ and the **upper poverty line**,⁽²¹⁾ increased by approximately **15% on average between January and April 2026** as shown in Chart 5. This increase reflects the higher monetary cost required to secure a household's minimum food and basic needs and, consequently, raises the income threshold required to avoid falling into different levels of poverty.

Poverty lines reached their highest levels in **Damascus and Rural Damascus, Aleppo, Homs, and Idlib**. Part of this geographic variation can be attributed to higher living costs in urban centers and high-demand areas, particularly the costs of housing, energy, transport, and basic services, as well as differences in commodity availability and market structures across governorates. This is consistent with inflation trends during the first months of 2026, when the **housing, water, electricity, gas, and other fuels** category was among the principal drivers of rising living costs nationwide, according to data from the Syrian Center for Policy Research.

These developments are particularly significant given the vulnerability of Syrian household expenditure patterns. According to the Planning and Statistics Authority, **food accounted for approximately 52.5% of total household expenditure in 2025.**⁽²²⁾ Households—particularly low-income households—therefore remain highly sensitive to increases in the prices of food, energy, and housing, as rising costs of essential goods leave them with limited room to reallocate expenditure without reducing consumption or resorting to negative coping strategies.

⁽¹⁸⁾ Syrian Center for Policy Research, Monthly Bulletin on the Consumer Price Index and Inflation in Syria, April 2026, April 2026. <https://shorturl.at/SPJWq>

⁽¹⁹⁾ An indicator of food deprivation.

⁽²⁰⁾ An indicator of the inability to meet basic needs necessary for survival.

⁽²¹⁾ An indicator of the overall poverty rate.

⁽²²⁾ Syrian Planning and Statistics Authority, Household Food Security Report 2025, Phase Nine. <https://shorturl.at/NGYWN>

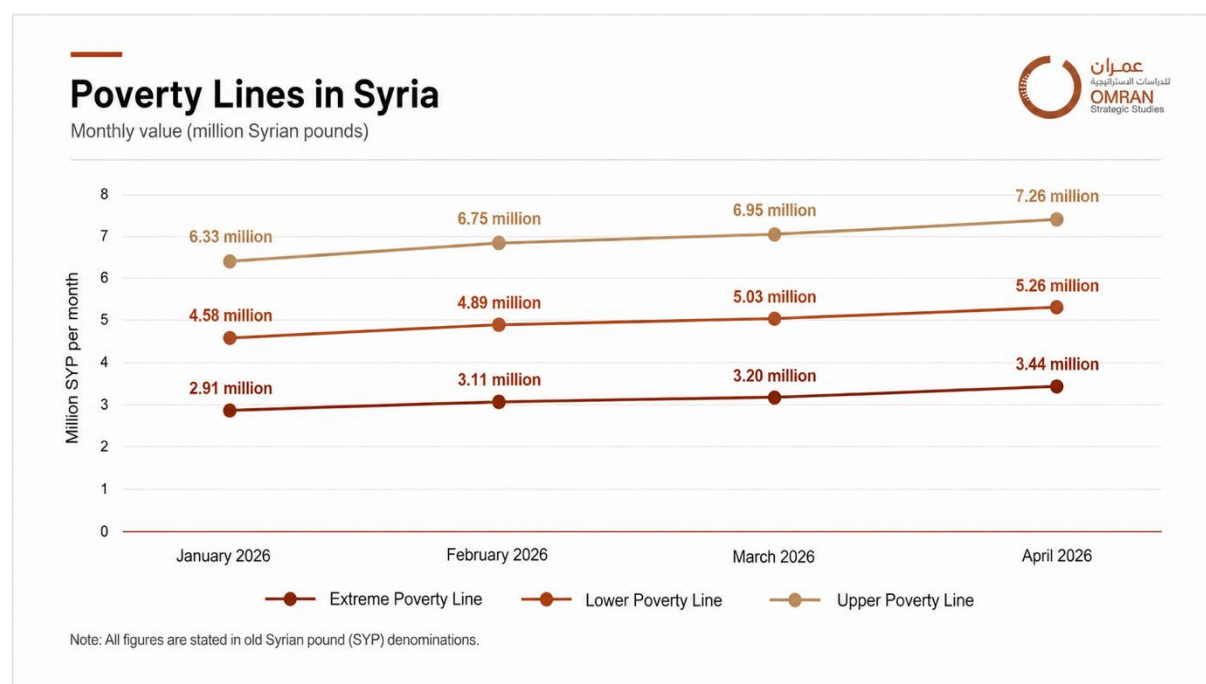


Chart 5. Poverty Lines in Syria According to Syrian Center for Policy Research Reports, January–April 2026

These pressures on living conditions coincide with the persistence of widespread humanitarian needs. The United Nations estimated that approximately **15.6 million people in Syria would require humanitarian assistance in 2026**, representing a decline of around **6.5% compared with 2025**.⁽²³⁾ The decline is a modest sign of improvement, but should not obscure the scale of vulnerability: a large share of the population continues to depend on assistance at a time when external aid is declining and the labor market, social-protection system and non-governmental sector have limited capacity to fill the gap. The result is a recovery in which improvements in some headline economic indicators have yet to translate into a comparable improvement in household resilience and living standards.

Available funding for the Syria humanitarian appeal had not exceeded **USD 900 million** against requirements of **USD 2.11 billion**, covering no more than approximately **43% of funding needs**. This funding gap has constrained humanitarian organizations' ability to maintain previous levels of assistance. This included the **World Food Programme's (WFP) decision to reduce its assistance by half beginning in May 2026**.⁽²⁴⁾ **Humanitarian funding shortfalls** have therefore emerged as an additional factor increasing household vulnerability.

⁽²³⁾ OCHA, Syrian Arab Republic Humanitarian Needs and Response Plan, April 4, 2026. <https://shorturl.at/R5tQ7>

⁽²⁴⁾ "Despite the Return of 1.7 Million Refugees, UN Warns of Funding Crisis in Syria," Al Jazeera, July 22, 2026. <https://shorturl.at/JssV2>

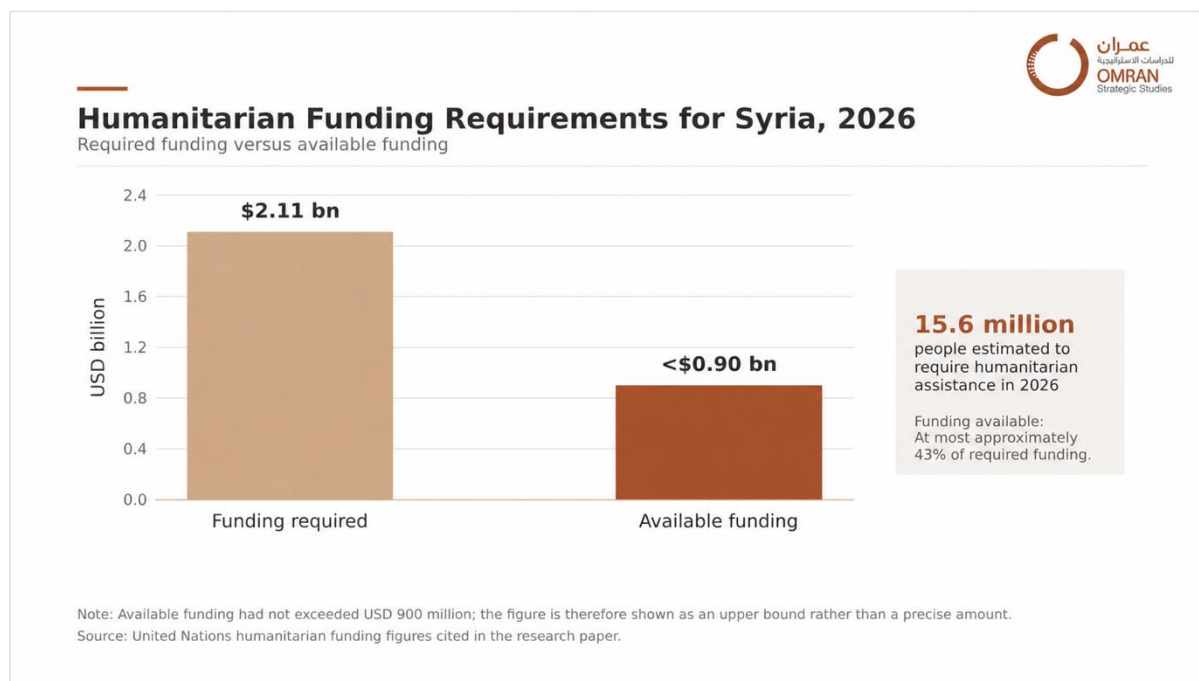


Chart 6: Humanitarian Funding Requirements for Syria, 2026

Trade Balance: Rising Imports and New Trading Partners

Syria's foreign trade expanded significantly during 2025 and the first half of 2026, driven by the reopening of markets, the easing of restrictions on trade flows, and rising domestic demand for goods, raw materials, and production inputs. Nevertheless, this expansion continued to be dominated by imports, reflecting the limited export capacity of the Syrian economy relative to the growing needs of the domestic market during the transitional period.

In 2025, official data issued by the General Authority for Borders and Customs indicate that the total weight of imported and exported goods reached approximately **14.47 million tons**, comprising **12.21 million tons of imports, equivalent to around 84% of the total, and 2.26 million tons of exports, or approximately 16%.**⁽²⁵⁾ This reflects a substantial gap between import and export flows, consistent with strong domestic demand for food, energy, consumer goods, raw materials, and production inputs, alongside persistent constraints on the ability of domestic productive sectors to expand and export.

Data for the first half of 2026 point to a further acceleration in foreign trade, particularly imports. The volume of imported goods reached approximately **16.53 million tons, or 89% of the total**, compared with around **2.04 million tons of exports, or 11%.**⁽²⁶⁾ Imports during the first six months of 2026 alone therefore exceeded the total recorded for all of 2025 by approximately **35%**. Meanwhile, exports reached approximately **2,044,096 tons, equivalent to around 90% of the total export volume recorded during the whole of 2025.** If this trend

⁽²⁵⁾“General Authority for Ports and Customs in 2025: Qualitative Steps in Border Management and the Regulation of Trade,” SANA, January 19, 2026. <https://shorturl.at/qP756>

⁽²⁶⁾ “Syria: Around 24.5 Million Tons of Goods Transported During the First Half of 2026,” Al-Iqtisad Al-Youm, July 23, 2026. <https://shorturl.at/wSjIj>

continues during the second half of the year, export volumes are likely to exceed the previous year's level.

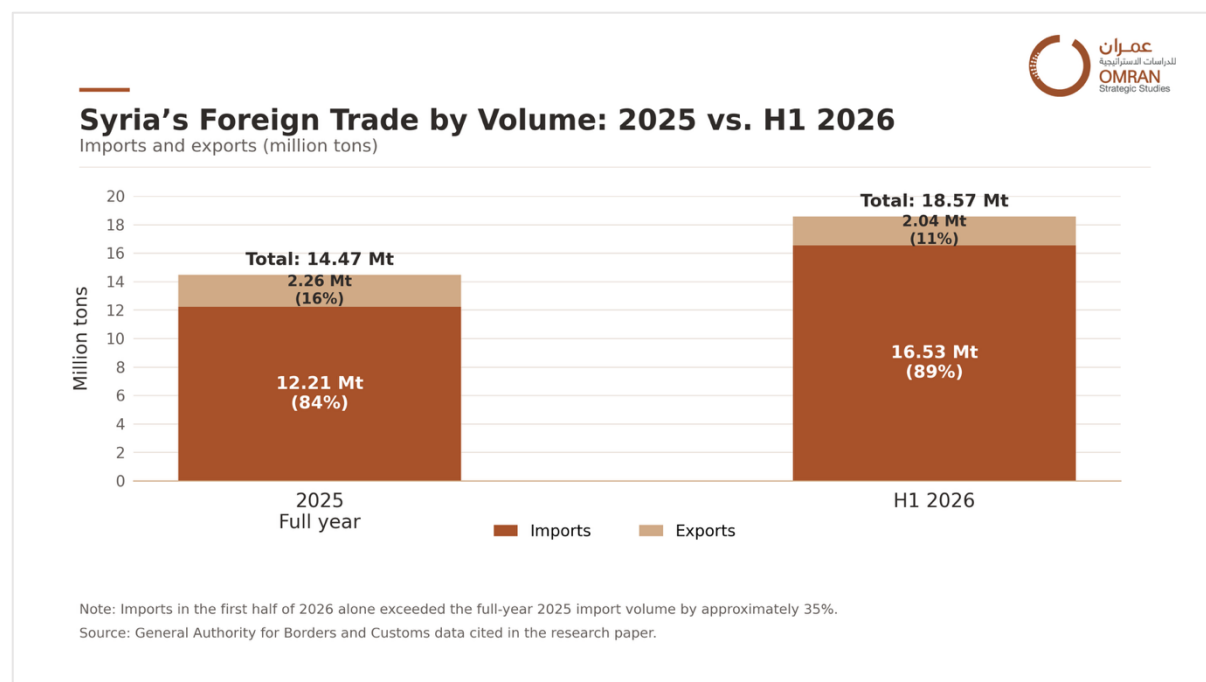


Chart.7 Syria's Foreign Trade by Volume: 2025 vs. H1 2026

This improvement should nevertheless be interpreted cautiously, as part of the increase is associated with exports of raw materials and lightly processed goods, including phosphate, crude oil, and energy derivatives, whether originating in Syria or passing through the country in transit, as in the case of Iraqi crude oil and fuel oil. Consequently, higher export volumes do not necessarily indicate a comparable improvement in domestic value added or in the competitiveness of Syrian products.

At the level of trading partners, 2025 data show that **Türkiye, China, and Saudi Arabia** recorded the highest values of exports to Syria.⁽²⁷⁾ This pattern became even more pronounced during the first half of 2026. Chinese exports to Syria reached approximately **USD 670 million** during the first six months of the year, already exceeding the value recorded for the whole of 2025 according to available data.⁽²⁸⁾ Turkish exports to Syria increased by approximately **26.4%** in the first half of 2026 compared with the same period in 2025, exceeding **USD 1.28 billion**.⁽²⁹⁾ **Trade with Syria's Arab neighbours also** expanded rapidly. Jordanian exports to Syria rose by around 39% in the first five months of 2026, from approximately JOD 90 million to JOD 125 million.⁽³⁰⁾ The increase was even sharper for Saudi Arabia. Saudi exports to Syria climbed by roughly 77%, from SAR 504 million to SAR 891 million over the same period.⁽³¹⁾

⁽²⁷⁾ "Analysis: Surge of Imports in 2025," Syria Report, February 17, 2026. <https://shorturl.at/lep8a>

⁽²⁸⁾ "Breakdown of Syrian Imports from China (2025–2026)," August 4, 2026. <https://shorturl.at/idQC8>

⁽²⁹⁾ "Turkish Exports to Syria Exceed USD 1.28 Billion During the First Half of 2026," Syria TV, July 26, 2026. <https://shorturl.at/Hx9zi>

⁽³⁰⁾ "National Exports Grow by 5.8% During the First Five Months of 2026," Jordan Department of Statistics, July 23, 2026. <https://shorturl.at/ptkAa>

⁽³¹⁾ Saudi General Authority for Statistics, International Merchandise Trade. <https://shorturl.at/jnlZU>

These indicators reveal three principal trends in Syria's foreign trade during the transitional period on the import side. First, they point to a rapid recovery in trade activity and commodity flows after years of restrictions and economic isolation. Second, they demonstrate continued heavy reliance on imports to meet domestic consumption and production needs. Third, they indicate a reshaping of Syria's trade geography through expanding commercial relations with Türkiye, China, neighboring countries, and Gulf markets. The composition and scale of imports also lend support to assessments of improved performance in the construction sector during 2025, as reflected in the **81% increase in the value of iron, steel, and construction-material imports between 2024 and 2025**.⁽³²⁾

On the export side, the value of Syrian exports exceeded **USD 1 billion in 2025**, providing an initial indication that the country had begun to recover part of its export activity after years of trade restrictions, sanctions, and disruptions to production and trade networks. Saudi Arabia ranked first among Syria's export markets, receiving approximately **USD 218 million** in Syrian exports, followed by Jordan at approximately **USD 118 million** and Egypt at approximately **USD 110.3 million**. By contrast, Syrian exports to several other markets, including Türkiye, Serbia, Spain, Bahrain, and Lebanon, declined over the same period.⁽³³⁾

Available data for 2026 indicate that this trend continued, although unevenly across markets. The value of Syrian exports to Saudi Arabia increased by approximately **17%** during the first five months of 2026, rising from around **SAR 375 million** during the corresponding period of 2025 to approximately **SAR 438 million**, reinforcing the Saudi market's position as one of the principal destinations for Syrian exports. Available data also indicate an improvement in Syrian exports to Egypt during the first four months of 2026, with their value rising from **EGP 30,132 million** between January and April 2025 to **EGP 34,768 million** during the same period in 2026.⁽³⁴⁾ By contrast, Syrian exports to **Jordan declined by approximately 50% during the first five months of 2026**, from around **JOD 34 million** in the corresponding period of 2025 to approximately **JOD 17 million**.⁽³⁵⁾ This decline is particularly significant given Jordan's geographic position and its potential role as both a neighboring market and a transit corridor for Syrian exports to Gulf markets.

⁽³²⁾ "Chart: Syria's Imports of Building Materials (2025)," Syria Report, June 23, 2026. <https://shorturl.at/GDx4n>

⁽³³⁾ "Radiography of the Increase in Syrian Exports in 2025," Syria Report, June 9, 2026. <https://shorturl.at/aecnt>

⁽³⁴⁾ Central Agency for Public Mobilization and Statistics, Foreign Trade – Monthly Bulletin. <https://shorturl.at/gMFDA>

⁽³⁵⁾ "National Exports Grow by 5.8% During the First Five Months of 2026," Jordan Department of Statistics. <https://shorturl.at/5QOGk>

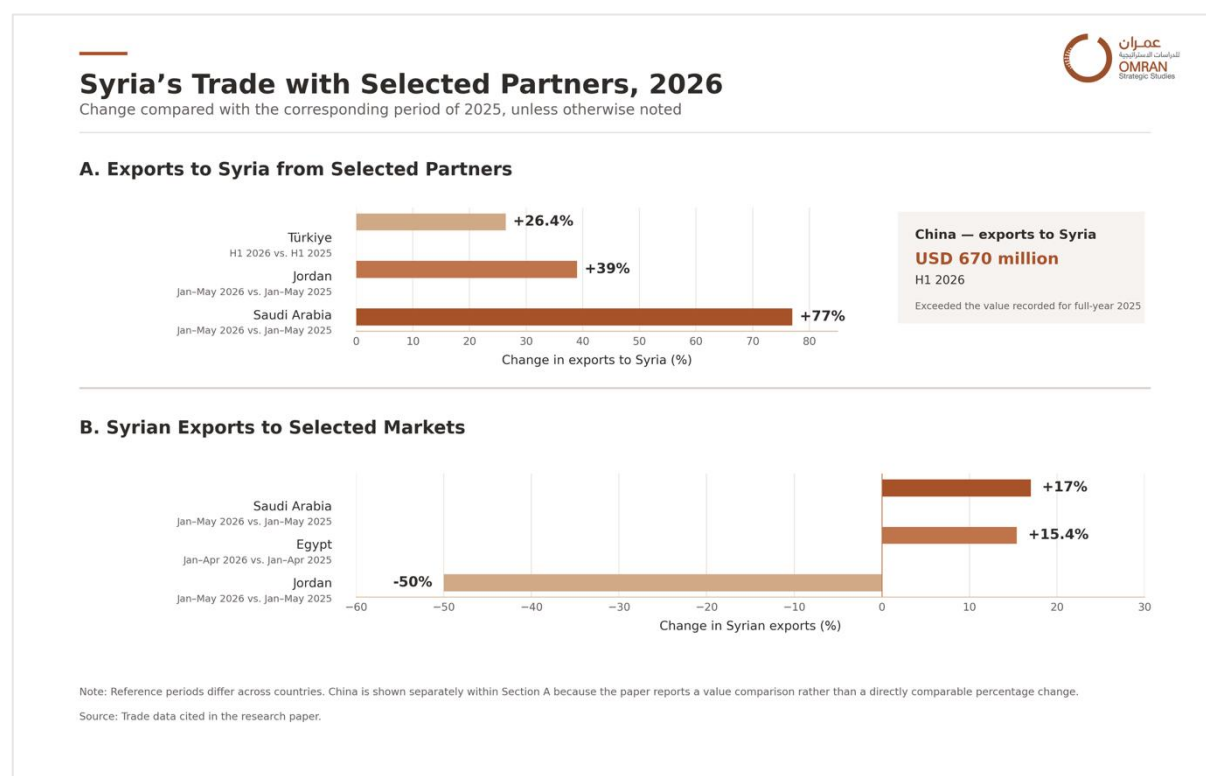


Chart 8. Syria's Trade with Selected Partners, 2026

Overall, these preliminary indicators point to a **gradual but uneven recovery in Syrian export activity**. On the one hand, opportunities are emerging to expand access to Gulf and Arab markets, supported by improving economic relations, easing trade restrictions, and the reactivation of transport and commercial channels. On the other hand, uneven export performance across markets highlights persistent challenges related to the competitiveness of Syrian products, production and transportation costs, technical standards and specifications, customs procedures, and logistics infrastructure.

Accordingly, the challenge in the coming period extends beyond simply **increasing the total value of exports**. It also involves diversifying the range of exported products and destination markets, increasing the share of manufactured and higher-value-added goods, and strengthening the capacity of Syrian producers to integrate sustainably into regional value chains and markets. Achieving this would help transform the initial recovery in export activity into a driver of productive recovery, job creation, and more sustainable sources of foreign exchange.

Exchange Rate and Public Expenditure

Syrian monetary policy underwent an important shift with the implementation of **Decree No. 293**, issued in December 2025, concerning the introduction of a new Syrian currency. In January 2026, the currency-replacement process began, alongside the withdrawal of old banknotes from circulation. Their total value was estimated at approximately **SYP 42 trillion**, equivalent to around **USD 3.5 billion** at an exchange rate of SYP 12,200 per dollar. Although the initial timetable allowed 90 days to complete the replacement process, the deadline was extended three times between March and July 2026, reflecting the technical, logistical, and

institutional challenges associated with an operation of this scale. The process also coincided with a change in the leadership of the Central Bank of Syria, as Safwat Raslan was appointed Governor of the Central Bank, succeeding Abdul Qadir Husriya, under **Decree No. 99 of 2026**. Responsibility for completing the currency replacement and managing monetary policy therefore passed to the Bank's new leadership.

At the exchange-rate level, monetary measures had not eliminated the gap between the official and parallel-market rates (**Black market**) by mid-year, while the Syrian pound came under renewed pressure against the US dollar. Between January and June 2026, the official exchange rate published by the Central Bank of Syria rose from approximately **SYP 11,055 to SYP 12,200 per US dollar**, equivalent to a depreciation of the pound of around **9.4%**. In the parallel market, the average exchange rate increased from approximately **SYP 11,883 per dollar in January to SYP 13,953 in June**,⁽³⁶⁾ corresponding to a depreciation of about **14.8%**.

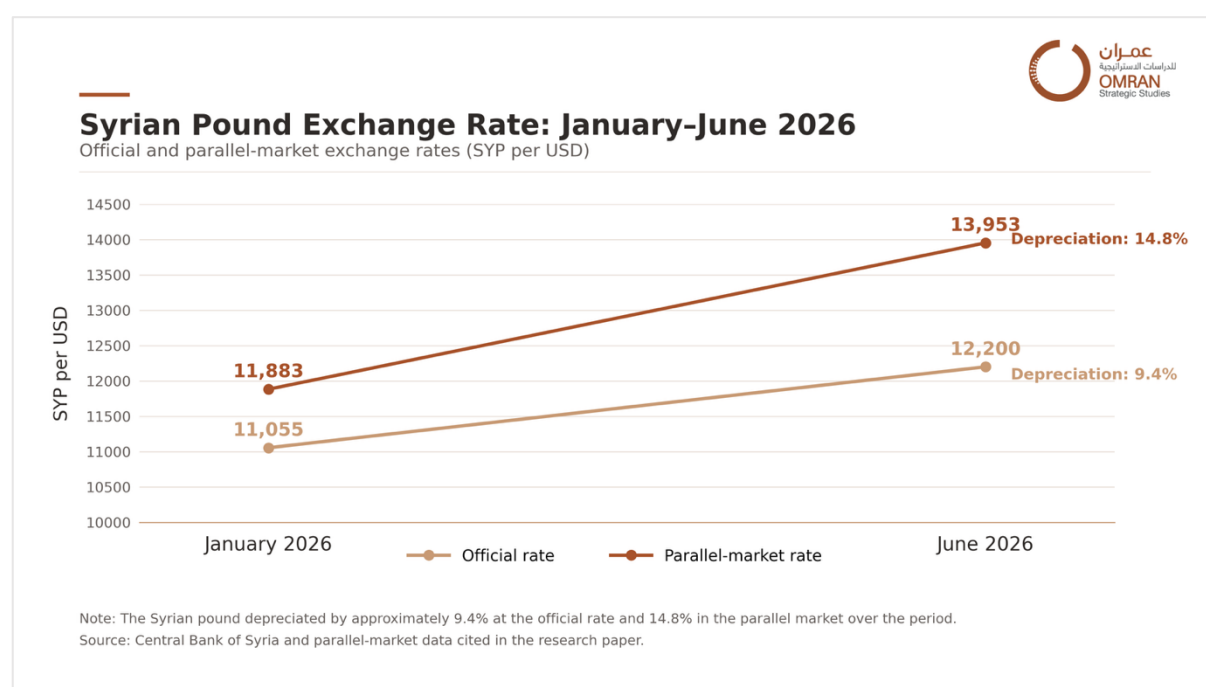


Chart 9. Syrian Pound Exchange Rate: January-June 2026

Continued pressure on the exchange rate reflects a number of structural imbalances, foremost among them **weak domestic productive capacity, limited foreign-exchange resources, and strong demand for US dollars to finance imports**, particularly given the sharp acceleration in import activity during the first half of 2026. Exchange-rate stability over the medium term will therefore depend less on monetary measures and liquidity management alone than on the economy's ability to generate sustainable sources of foreign currency through exports, investment, remittances, and capital inflows.

A comparison of reported figures for 2025 with the 2026 budget estimates points to a substantial planned fiscal expansion. The 2026 budget projects revenues of approximately USD 8.72 billion and expenditure of USD 10.52 billion, increases of around 150% and 205%,

⁽³⁶⁾ Karam Shaar Advisory, Official and Black-Market Exchange Rate Tracker. <https://shorturl.at/rqdeM>

respectively, over the reported 2025 figures of USD 3.49 billion and USD 3.45 billion. Compared with a reported surplus of around USD 46 million in 2025, the 2026 budget projects a deficit of approximately **USD 1.8 billion**. According to stated government policy, financing needs are to be met, when necessary, through domestic financing instruments, including **sovereign Islamic sukuk**,⁽³⁷⁾ while avoiding direct monetary financing of the deficit through the Central Bank of Syria and limiting recourse to external borrowing.⁽³⁸⁾

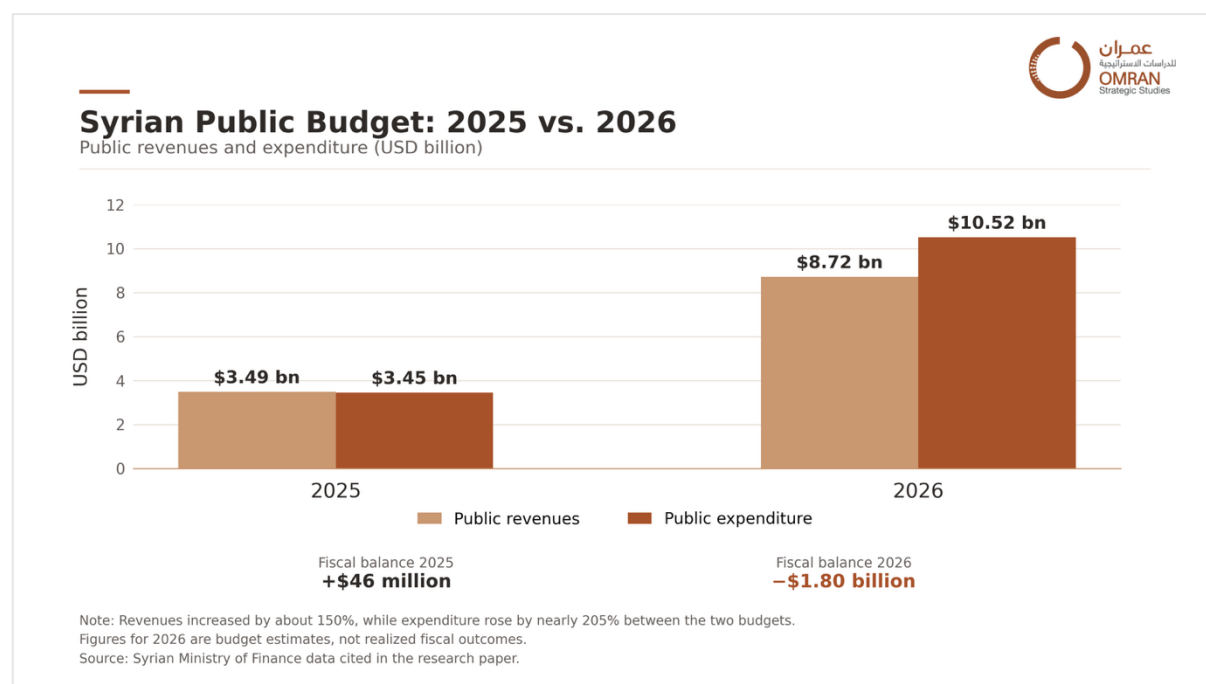


Chart 10. Syrian Public Budget: 2025 vs. 2026

This shift represents an important test for fiscal policy. On the one hand, recovery and reconstruction require higher public spending to restore services, repair infrastructure, and stimulate economic activity. On the other hand, deficit and inflation risks must be contained while preserving fiscal sustainability. In this context, the main fiscal challenge lies not only in how much the government spends, but what it spends on. Current expenditure continues to outweigh investment spending, even as Syria's post-conflict recovery requires substantial public investment to restore infrastructure, rebuild productive capacity and support economic activity. The composition of the 2026 budget also reflects competing priorities: roughly one-third of expenditure is allocated to security and defence. Fiscal expansion, therefore, does not necessarily translate into an equivalent expansion of development and reconstruction spending, making the allocation of scarce public resources as important as the overall size of the budget.

On the revenue side, the 2026 budget reveals a clear restructuring of the sources financing the public treasury. Taxes and customs and non-customs fees are projected to **account for 50.5% of public revenues in the 2026 budget, compared with approximately 70% in 2025**. This

⁽³⁷⁾“Syria Turns to Domestic Debt: Reconstruction and Investment Priorities,” Asharq, February 3, 2026. <https://shorturl.at/ng3PJ>

⁽³⁸⁾ “Central Bank Governor: Under President al-Sharaa’s Direction, We Will Not Resort to External Debt,” Syrian Alikhbaria, July 4, 2025. <https://shorturl.at/l0K0D>

relative decline, however, does not indicate a fall in tax revenues in absolute terms, as the budget projects an increase from approximately **USD 2.4 billion in 2025 to USD 4.4 billion in 2026**. The decline in their relative weight is largely attributable to faster growth in other revenue sources, particularly oil-sector revenues, whose share is projected to rise from around **2% in 2025 to nearly 28% in 2026**, alongside the expansion of central government control over oil fields and energy facilities. Revenues from fees, services, and the **use and investment of state-owned assets are projected to account for 21.6% of total revenues in 2026, compared with approximately 13% in 2025**.

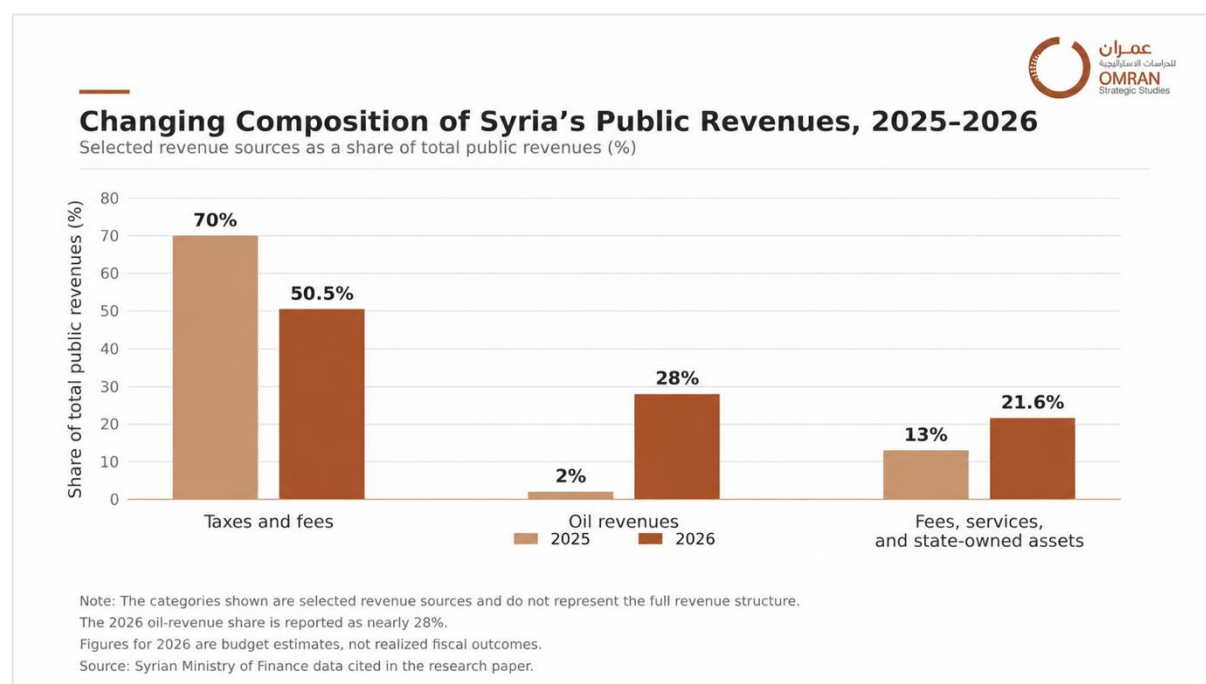


Chart 11. Changing Composition of Syria's Public Revenues, 2025-2026

These shifts indicate an improvement in the government's ability to **diversify public revenue sources** and reduce its relative dependence on taxes and fees. At the same time, they raise questions regarding the sustainability of this structure over the medium term, particularly as public finances become increasingly reliant on oil revenues, natural resources, and state-owned assets. Expanding the tax base, improving compliance, and strengthening tax and customs administration therefore remain necessary for building a stable and sustainable revenue base.

Public-debt estimates, meanwhile, remain subject to a high degree of uncertainty because of differences among data sources and the unclear legal status of some external liabilities inherited from the Assad regime. The World Bank estimated that Syria's external debt increased from approximately **USD 5 billion in 2011 to USD 22.3 billion by the end of 2024**, while domestic government debt rose from around **20% of GDP in 2011 to nearly 24% by the end of March 2025**, equivalent to approximately **USD 5 billion**.⁽³⁹⁾ By contrast, Syria's Minister of Finance estimated external debt at around **USD 4.5 billion**, excluding obligations to Russia and Iran.⁽⁴⁰⁾ The gap between these estimates is more than a numerical discrepancy. It largely reflects

⁽³⁹⁾ World Bank, Syria Macroeconomic and Fiscal Assessment, July 7, 2025, cited above.

⁽⁴⁰⁾ "Syria Turns to Domestic Debt: Reconstruction and Investment Priorities," Asharq, cited above.

differences in how public debt is defined, which liabilities are recognized, and what obligations are included in the calculation. The figures should therefore not be treated as directly comparable without first accounting for differences in their coverage and methodology.

Determining the actual size of public debt will therefore require a comprehensive process to identify and verify outstanding obligations and determine the status of inherited debts, particularly those owed to external creditors. More broadly, monetary and fiscal developments in the first half of 2026 point to a shift from managing scarcity and containing expenditure toward managing recovery and fiscal expansion. The 2026 budget provides for substantially higher expenditure and projects higher, more diversified revenues, while monetary reforms have included currency replacement. Yet the transition brings a different set of risks. Exchange-rate pressures, a widening fiscal deficit, the dominance of current and security-related spending, and uncertainty over the scale of public debt continue to constrain the government's room for maneuver.

The principal challenge in the coming period will therefore be to convert fiscal expansion into **investment and productive expenditure capable of broadening the economic base, generating revenues and employment, and increasing foreign-exchange earnings**, while simultaneously preserving monetary and fiscal stability.

Conclusion

After years of economic contraction, erosion of the productive base, and fragmentation of the Syrian economy, signs have begun to emerge of a recovery in several sectors, driven by greater external openness, rising domestic demand, and increased government spending. Nevertheless, **sectoral uneven recovery** remains a defining feature of the current phase. Activity is concentrated primarily in construction, trade, transport, communications, and energy, while key productive sectors continue to face structural constraints that limit their capacity to recover. At the same time, high growth projections for 2026 suggest the possibility of a significant expansion in economic activity. However, limited official data and wide variation among available estimates continue to impede a precise assessment of the scale, sources, sectoral composition, and sustainability of this growth.

The **labor market remains one of the principal weaknesses in the economic recovery process**. Despite improvements in nominal incomes and higher wages in sectors experiencing stronger labor demand, unemployment remains high, approximately 83% of workers lack formal regulation and protection, and female labor-force participation remains below 15%. The movement of workers away from productive sectors toward service activities also reflects broader structural shifts in the Syrian economy. As refugees and internally displaced persons continue to return to their areas of origin, pressure is mounting on a labor market that still has limited capacity to generate sufficient and decent employment opportunities. Employment creation therefore represents one of the main tests of whether anticipated economic growth can translate into a broader social recovery.

The relationship between inflation, poverty, and income presents a parallel challenge. Increases in nominal wages and incomes have not fully translated into comparable improvements in

purchasing power and living standards. Following the easing of inflationary pressures in 2025, **prices began to rise again during the first months of 2026**, alongside **higher poverty lines and rising costs of housing, energy, and essential services**. Household vulnerability is further heightened by the fact that food accounts for more than half of total household expenditure. The success of economic recovery should therefore not be assessed solely through GDP growth, trade expansion, or higher public revenues, but also by the economy's ability to generate decent employment, increase real incomes, strengthen purchasing power, and reduce household vulnerability.

The **expansion of foreign trade** has been one of the clearest features of the recovery during 2025 and the first half of 2026. The total weight of imported goods during the first six months of 2026 exceeded that recorded for all of 2025 by approximately **35%**, driven by the reopening of markets and border crossings, the restoration of external trade links, and rising domestic demand for consumer goods, raw materials, and production inputs. Part of this growth reflects the needs of an economy emerging from a prolonged conflict and suffering from weakened productive capacity. However, continued import growth at a faster pace than exports could widen the trade deficit and increase demand for foreign currency, thereby renewing pressure on both the exchange rate and domestic prices.

At the same time, the available indicators point to a **reconfiguration of Syria's trade network**, with expanding exchanges with Türkiye, China, Saudi Arabia, and Jordan. Export indicators for 2026 also suggest the possibility of surpassing the previous year's levels, although a significant share of this growth is driven by raw materials and natural resources, including phosphate, crude oil, and energy derivatives. Export performance also varies across markets: while exports continued to grow in Saudi Arabia and Egypt, they declined markedly in Jordan. The challenge, therefore, lies not only in increasing export volumes, but also in raising domestic value added, diversifying products and destination markets, and linking trade recovery to the restoration of domestic productive capacity.

At the monetary level, the **Syrian pound depreciated by approximately 10–15% between January and June 2026**, depending on the exchange-rate market used for measurement, while the gap between the official and parallel-market rates persisted. This occurred amid rising demand for foreign currency to finance imports, a weak export base, and limited sources of foreign exchange. Exchange-rate stability will therefore continue to depend not only on monetary policy, but also on the real economy's capacity to increase production and exports, attract investment, and generate sustainable foreign-currency inflows.

The 2026 budget provides for substantial fiscal expansion, with projected revenues and expenditure markedly higher than the reported 2025 figures. The revenue structure shows an increasing contribution from the oil sector and from revenues generated through the use and investment of state-owned assets, coinciding with the central government's restoration of control over oil and gas fields and facilities in northeastern Syria and the reassessment of fees associated with state property. This has helped diversify public revenue sources, but it also increases the importance of managing the risks associated with growing dependence on oil revenues and public assets, both of which may be volatile or limited in long-term sustainability.

On the expenditure side, **budgeted public expenditure for 2026 is approximately 205% higher than the reported 2025 level**, while security and defense accounted for roughly one-third of total budget allocations. This reflects the priority given to rebuilding the military and security institutions and consolidating stability during a transitional period and within a volatile regional environment. At the same time, current expenditure continues to dominate at the expense of investment spending, creating a central fiscal-policy dilemma: although recovery requires higher public expenditure, the developmental impact of such expansion will remain limited unless a larger share is directed toward infrastructure, energy, services, and public investment capable of stimulating production, encouraging private investment, and creating employment.

Overall, indicators for the first half of 2026 suggest that the Syrian economy is moving from a phase of managing contraction and scarcity toward an early and still uncertain recovery driven by **the reopening of markets, the return of demand, fiscal expansion, and improved activity in several sectors**. Yet this recovery remains fragile and uneven. Growth in trade, public spending, and service activity continues to coexist with a weak productive base, high unemployment, renewed inflationary pressures, growing dependence on imports, and persistent pressure on the exchange rate.

The central test in the coming period will therefore be not how fast the economy grows, but what that growth produces. A durable recovery will require translating higher output into productive employment, rising real incomes, higher-value-added exports, sustained investment and improved household living standards. The challenge, in other words, is to move from an initial economic rebound to a broad-based productive recovery whose gains can be sustained and more widely shared.

