Doing Business in Syria

Commercial opportunities for German and European Companies



FRIEDRICH NAUMANN STIFTUNG Für die Freiheit.

The Syria Report

Contributors to this report: Paul Cochrane, Ahmad Hassan, Alicia Medina, Jihad Yazigi
Special thanks to Nour Alwan and Kristof Kleemann

Copyright © 2026 The Syria Report / Images de l'Orient
Trevi Building, Sanayeh Beirut, Lebanon
The material in this work is subject to copyright - all rights reserved

Table of Contents

Abstract

Methodology

1. Syria's Reconstruction and Its Economic Context

1.1 The Scale of Reconstruction Needs
1.2 The Government's Reconstruction Strategy
1.3 The Economic Outlook

2. Investment and Business Environment

2.1 Investment Laws and Incentives
2.2 Regulatory Framework
2.3 Banking and Payments
2.4 Public-Private Partnership Opportunities

3. Engagement Levels of European Companies and Priority Sectors for German Companies

3.1 Overall European Investment
3.2 German Investments
3.3 German Economic Involvement Prior to 2011

4. Market Entry Models and Partnerships

4.1 Local Partners and Business Networks
4.2 Joint Ventures and Technology Transfer
4.3 Role of International Organisations and Donors
4.4 Financing Options and Export Credit Support

5. Risks and Risk Mitigation Strategies

5.1 Political and Regulatory Risks
5.2 Financial and Operational Risks
5.3 Compliance and Reputational Considerations
5.4 Risk Mitigation Approaches

6. Outlook and Recommendations

6.1 Medium-Term Outlook
6.2 Recommendations for German Companies
6.3 Final Assessment

Abstract

Syria's political transition following the fall of the Assad government in December 2024 has reopened a market that was largely inaccessible to German and other European companies for more than a decade. At the same time, the scale of physical destruction, institutional weakness and economic dislocation makes Syria one of the most complex post-conflict investment environments in the Middle East. This paper assesses the emerging opportunities for German companies within Syria's reconstruction economy and examines the conditions under which commercial engagement may become viable.

Syria combines exceptionally large reconstruction requirements with a gradually improving policy environment. Physical reconstruction needs are estimated at approximately USD 216 billion, while the lifting of broad European and US economic sanctions, reforms to the investment framework, renewed international development financing and the government's greater emphasis on private-sector participation have substantially altered the formal conditions for foreign investment.

German companies possess particular comparative advantages in areas closely aligned with Syria's reconstruction needs, including energy and electricity infrastructure, water and wastewater systems, industrial machinery, construction materials, medical equipment, transport and logistics, and related engineering and technical services. Germany's development cooperation, existing bilateral commercial relationships and large Syrian diaspora provide additional foundations for engagement.

Significant constraints nevertheless remain. Syria's banking system is not yet adequately integrated into international financial markets, regulatory implementation remains inconsistent, security conditions vary substantially by location, and sanctions, anti-money laundering, counter-terrorist financing and reputational considerations continue to require enhanced compliance procedures. Competition from Gulf, Turkish and other regional companies is also increasing rapidly.

The paper therefore argues against either complete disengagement or immediate large-scale investment. Instead, German companies should pursue a phased market-entry strategy centred on market intelligence, carefully screened local partnerships, donor- and internationally financed projects, equipment supply, technical services and other relatively low-capital forms of engagement. Larger commitments should follow observable improvements in banking connectivity, institutional and legal enforcement, and security. Under these conditions, early but risk-controlled engagement could allow German companies to establish durable positions in a reconstruction market likely to develop over many years.

Methodology

This paper adopts a qualitative market-assessment methodology supported by quantitative economic, trade, reconstruction and security data. Its purpose is not to produce a comprehensive macroeconomic forecast for Syria, but to assess the commercial environment from the perspective of German, and more generally Western, companies and to identify sectors, market-entry mechanisms and risk-management approaches that are relevant under the conditions prevailing following the political transition of December 2024. The analysis reflects information available up to August 2026.

Research approach

The research was organised around five areas of analysis. First, it assessed the scale and macroeconomic context of Syria's reconstruction requirements, including physical damage, reconstruction costs, economic growth, public financing constraints and the condition of critical infrastructure. Second, it examined changes to the legal and institutional environment governing foreign investment, including investment incentives, corporate structures, public-private partnerships, taxation, customs provisions,

banking arrangements and the easing of international sanctions. Third, the research evaluated sectors in which reconstruction demand overlaps with German technological, industrial or institutional comparative advantages. Fourth, it assessed practical market-entry mechanisms, including local partnerships, joint ventures, technology transfer, donor-funded procurement, development finance and German export-credit instruments. Finally, political, financial, operational, compliance, reputational and security risks were assessed in order to develop appropriate risk-mitigation and sequencing strategies.

Sources

The study draws on a combination of primary and secondary sources. Primary institutional sources include data from the World Bank, International Monetary Fund, United Nations agencies, European Commission, German Federal Government and Bundestag, BMZ, KfW, the German Federal Foreign Office and other relevant German institutions. Syrian primary sources include legislation and implementing regulations, the Official Gazette, government decrees, information issued by the Syrian Investment Authority, the Central Bank of Syria and other public bodies.

Conflict and security developments were assessed using data and analysis from the Armed Conflict Location and Event Data Project (ACLED), supplemented where relevant by official travel and security guidance. Trade statistics, development-finance commitments, reconstruction assessments and other quantitative indicators were drawn wherever possible from institutional or official sources.

Specialist legal, economic and commercial publications, including The Syria Report, were used to assess regulatory implementation, individual transactions and market developments for which comprehensive official information is not always available. Given the severe disruption of Syria's statistical system during the conflict, quantitative indicators were not treated as having uniform levels of reliability. Where different institutions produced divergent estimates, the analysis prioritised the most recent institutional assessment while identifying significant uncertainty where appropriate.

This is particularly relevant to Gross Domestic Product (GDP), growth and reconstruction estimates. Quantitative comparisons should consequently be interpreted as indicators of magnitude rather than as precise measurements. The paper also uses comparative analysis. For example, Syria's reconstruction requirements are considered relative to the size of its economy and compared with reconstruction-needs-to-GDP ratios in post-war Bosnia and Herzegovina and post-2003 Iraq.

Desk research was supplemented by interviews with individuals possessing direct knowledge of European and German commercial engagement with Syria. Interviewees included representatives of European and Syrian-German business organisations based in Syria and abroad, banking-sector professionals, risk and crisis-management specialists, diplomats, and representatives of companies with experience of or interest in the Syrian market.

Some interviewees requested anonymity or provided information on an off-the-record basis because of the commercial or political sensitivity of the subject.

The interviews were used primarily to test conclusions derived from documentary research and to provide insight into issues for which formal data remain limited.

These included the actual level of European investor interest, constraints on correspondent banking, corporate risk appetite, the availability of financing, competition from regional companies, security considerations, difficulties in identifying reliable local partners and the gap between formal regulatory provisions and their implementation in practice. Interview evidence was therefore treated as complementary to, rather than a substitute for, documentary and quantitative evidence.

Sector assessment

Potential sectors for German engagement were assessed against several criteria: the scale and urgency of Syrian reconstruction demand; evidence of current or prospective investment and procurement activity; Germany's existing technological or industrial comparative advantage; the availability of public, donor or private financing; the regulatory feasibility of foreign participation; previous German commercial experience in Syria; and the level of political, financial, compliance and security risk associated with the sector.

This approach gives greater weight to opportunities where German technical capabilities correspond directly with identified reconstruction needs and where viable financing or procurement channels are emerging. It therefore distinguishes between the theoretical size of a sector and its practical accessibility to German companies under current conditions.

Risk and market-entry framework

Opportunities were evaluated together with the conditions required to exploit them. The analysis consequently considers investment potential alongside political and regulatory risk, banking and currency constraints, sanctions and compliance obligations, partner-selection risks, security conditions, reputational considerations and the availability of political-risk and export-credit protection.

Market-entry options were assessed according to the level of capital exposure and institutional risk involved. Activities such as market exploration, consultancy, technology licensing, equipment supply, donor-funded procurement and pilot projects are treated as lower-commitment entry mechanisms, while equity investments, industrial facilities, infrastructure concessions and large public-private partnerships represent progressively greater exposure.

On this basis, the paper adopts a phased approach to market entry. Rather than assuming that Syria will move in a linear manner from conflict to a normal investment environment, it identifies observable indicators that German companies can monitor before increasing their commitments. Particular importance is attached to the establishment of functioning international correspondent-banking relationships, improvements in commercial-law enforcement and investment protection, greater regulatory predictability, and sustained geographical improvements in security.

Limitations

The analysis is subject to several limitations inherent in assessing a rapidly changing post-conflict economy. Syrian economic statistics remain incomplete and are frequently revised; legislation and implementing regulations are evolving; the practical application of newly introduced investment provisions has only a limited track record; and security conditions can change rapidly at the regional and local levels. Memoranda of understanding and publicly announced investment agreements have therefore not automatically been treated as evidence of implemented investment. The paper also distinguishes between formal legal accessibility and practical commercial feasibility. The removal of sanctions or creation of an investment incentive does not necessarily mean that banking, financing, insurance, procurement or compliance systems are sufficiently developed for a German company to transact normally. Similarly, statements by governments, business councils or individual companies regarding future investment intentions are treated as indicators of market interest rather than as confirmed capital expenditure unless implementation can be independently demonstrated.

The conclusions should consequently be understood as a time-specific assessment of an evolving market. Companies considering actual transactions in Syria should supplement this analysis with current legal, sanctions, tax, security and counterparty due diligence immediately before making any contractual or investment commitment.

1. Syria's Reconstruction and Its Economic Context

1.1 The Scale of Reconstruction Needs

Syria is emerging from more than fourteen years of civil conflict as one of the most extensively damaged economies in modern history. The World Bank's "Syria Physical Damage and Reconstruction Needs Assessment 2011-2024", published in August 2025, estimates the average cost of reconstructing Syria at around USD 216 billion. The figure is described as the best estimate within a range of USD 140 billion to USD 345 billion[1].

Physical damage to infrastructure, residential buildings, and non-residential structures is estimated at around USD 108 billion, with infrastructure alone accounting for 48 percent of this amount - equivalent to USD 52 billion - making it the most heavily damaged category. Residential buildings account for a further USD 33 billion and non-residential structures for USD 23 billion. The cost of reconstructing these damaged physical assets is expected to reach USD 75 billion for residential buildings, USD 59 billion for non-residential structures, and USD 82 billion for infrastructure.

The macroeconomic context further compounds the scale of this challenge. Syria's real gross domestic product contracted by around 53 percent between 2010 and 2022, while its nominal GDP declined from USD 67.5 billion in 2011 to around USD 21.4 billion in 2024[2]. This means that the reconstruction bill is equivalent to around ten times the country's current annual output, based on the World Bank's latest estimate of GDP, a substantial ratio even compared with recent post-conflict economies such as Bosnia and Herzegovina after the war or Iraq after 2003. On a simple reconstruction-needs-to-GDP basis, this is substantially higher than in Bosnia and Herzegovina after the Dayton peace agreement[3], where urgent reconstruction needs of about USD 5 billion compared with post-war GDP of about USD 2 billion - roughly 2.5 times GDP. In post-2003 Iraq, estimated reconstruction and development needs of USD 55 billion compared with estimated 2003 GDP of USD 13-17 billion - roughly 3.2-4.2 times GDP[4].

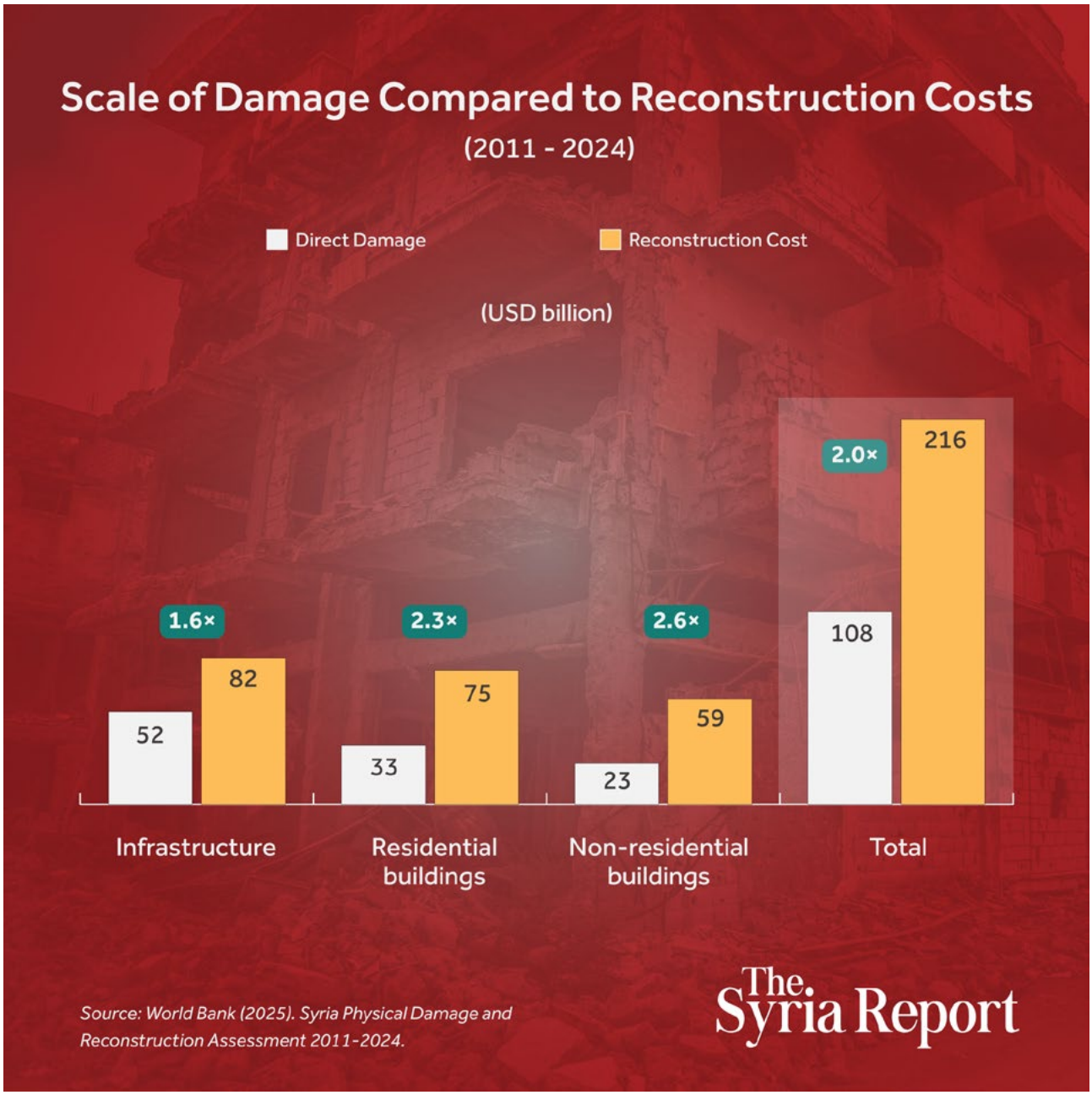
Syria's gross national income per capita stood at just USD 830 in 2024, placing Syria well below the World Bank's lower-middle-income threshold.

1.2 The Government's Reconstruction Strategy

Following the fall of the Assad regime in December 2024, the transitional government headed by President Ahmad Al-Sharaa took several steps to establish an institutional framework for reconstruction, although it has not yet put forward a fully detailed and publicly announced comprehensive national reconstruction plan. In March 2026[5], the government published a Statement of Recovery Priorities, described as Syria's first national post-war recovery plan, setting out a reconstruction and recovery strategy aimed at addressing several interconnected crises simultaneously: infrastructure rehabilitation, refugee return, food and water security, and economic stability[6].

At the institutional level, the Syrian government established a number of economic bodies under the Higher Council for Economic Development (HCED), which was established under

1 World Bank (2025), Syria Physical Damage and Reconstruction Assessment 2011-2024.
2 World Bank (2025), Syria Macro-Fiscal Assessment.
3 Carnegie Endowment for International Peace (2026), Syria Needs a Reconstruction Plan.
4 World Bank (2004), Interim Strategy Note Of The World Bank Group For Iraq.
5 The Syria Report (2026), Statement of Recovery Priorities for International Cooperation by the Ministry of Foreign Affairs and Expatriates.
6 Overseas Development Institute ODI (2026), Beyond Bricks and Mortar: Navigating Syria's Path to a Resilient Recovery.

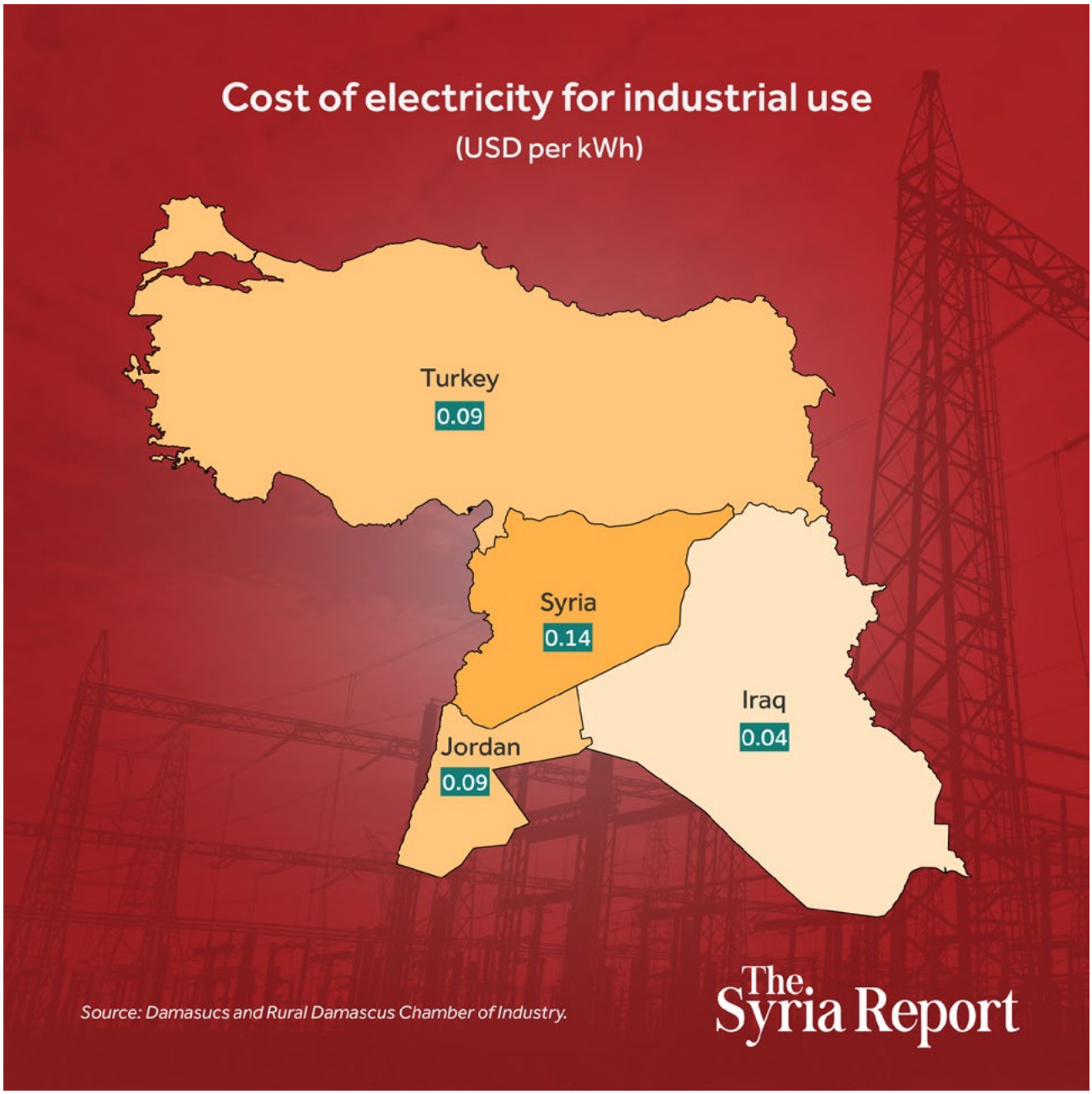


Presidential Decree No. 115 in June 2025 and is chaired by the president himself[7]. The council oversees the Syrian Investment Authority (SIA), the Syrian Development Fund (SYDF), and the Syrian Sovereign Fund (SSF).

The SYDF aims to contribute to reconstruction, rehabilitate and develop infrastructure, and finance various projects through interest-free loans. The SYDF's resources consist of individual donations from citizens inside and outside Syria, regular donations through a dedicated programme, and subsidies, grants, and donations accepted by the SYDF in accordance with the law[8].

The SIA's primary mission is to attract national and foreign investments and direct them towar-

7 The Syria Report (2025), Presidential Decree Number 115 for the Formation of the Higher Council for Economic Development.
8 The Syria Report (2025), Presidential Decree Establishes Development Fund to Support Reconstruction Efforts.

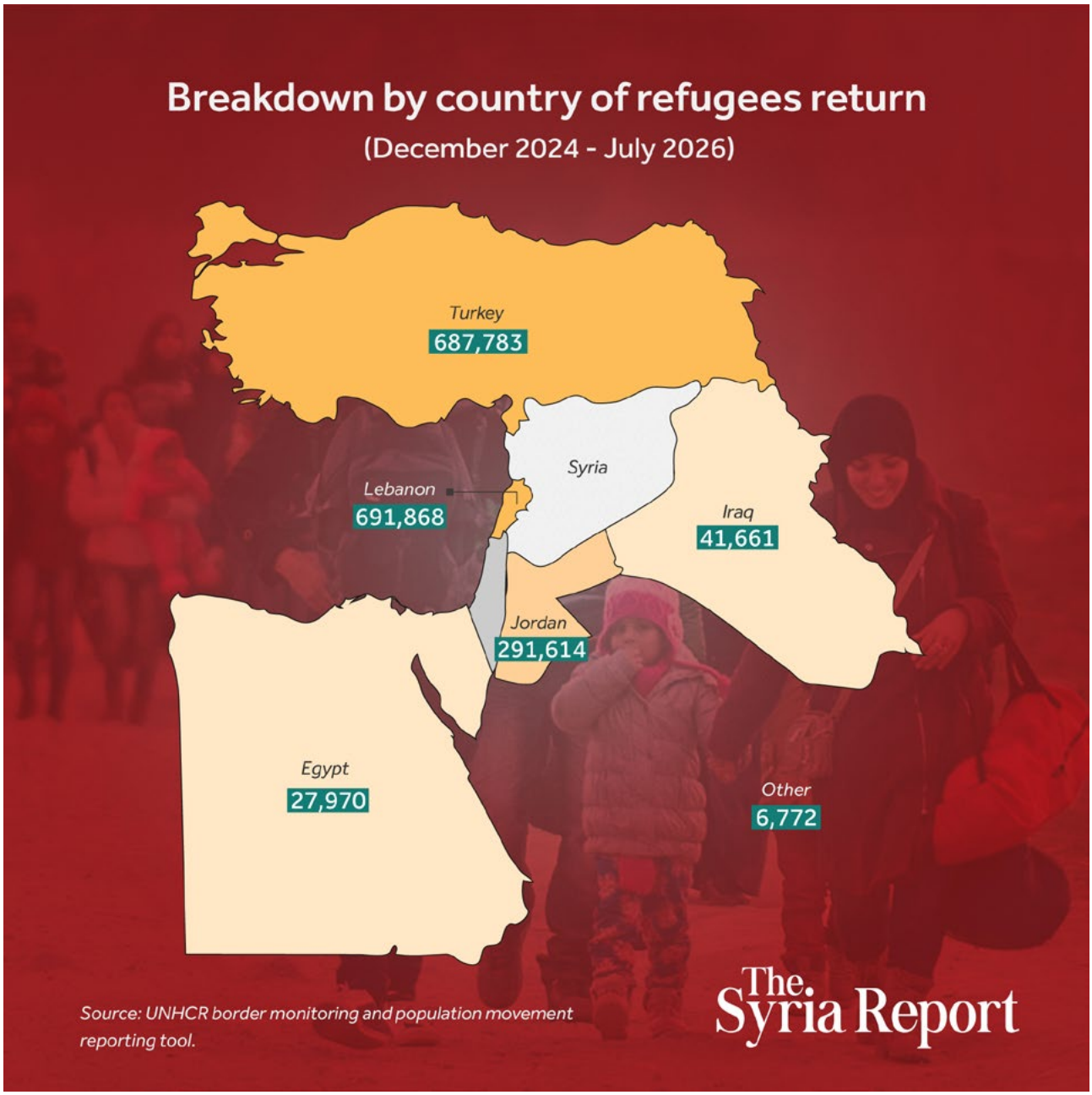


ds priority sectors, while strengthening the confidence of investors and businesspeople in the Syrian business environment.

The SSF formally aims to directly implement development and productive projects, optimise the use of human and material resources and technical expertise across all fields, stimulate the national economy through well-considered and diversified investments, and transform unutilised government assets into instruments of production and development[9].

The government's stated economic philosophy is one of "strategic partnership" with the private sector and foreign investors, positioning the private sector - both domestic and foreign - as the main driver of the economy and reconstruction rather than merely a complementary actor. Trade liberalisation has proceeded in parallel,

9 The Syria Report (2025), Presidential Decree Number 113 of 2025: Establishing Syria's Sovereign Fund.



with customs duties largely reduced on a large set of products[10].

1.3 The Economic Outlook

Syria's economic trajectory since the political transition in December 2024 has been characterised by a cautious recovery from an extremely low base. Earlier World Bank assessments had projected GDP growth of around 1 percent in 2025 following an estimated contraction of 1.5 percent in 2024[11]. More recent World Bank estimates, however, point to a somewhat stronger recovery: its April 2026 Macro Poverty Outlook provisionally estimated real GDP growth of 0.9 percent in 2024 and between 2 and 4 percent in 2025[12]. The improvement reflected easing sanctions, renewed trade, higher public-sec-

10 Next Century Foundation (2025), Rebuilding Syria: Hopes and Hurdles.
11 World Bank (2025), Syria Macro-Fiscal Assessment.
12 World Bank (2026), Macro Poverty Outlook.

tor wages, refugee returns, and greater external connectivity, although economic conditions remained highly uneven across sectors. The World Bank nevertheless stressed the considerable uncertainty surrounding these estimates, noting that years of conflict had disrupted Syria's statistical systems and that official data remained limited and of uneven reliability.

IMF assessments available by mid-2026 similarly pointed to an improving economic trajectory. Following its August 2026 mission, IMF staff reported that economic activity was increasing at an accelerating pace with double-digit growth expected in 2026 and continued strong growth in 2027, supported by improving agriculture, hydrocarbon production, electricity provision, trade, and services, and aided by refugee returns, an increasing number of visitors, and government spending.

The IMF nevertheless emphasised the need to focus on improving statistics, with continued technical assistance required to strengthen national accounts, price, balance-of-payments, government-finance, and monetary statistics[13].

Beyond these macroeconomic indicators, developments in the energy sector provide concrete signs of the gradual recovery in productive activity and Syria's reintegration into regional and international commercial channels. Two developments in particular illustrate this trend.

In September 2025, Syria exported its first official shipment of crude oil in fourteen years, marking an early symbolic step towards the rehabilitation of the country's energy sector. The shipment, comprising approximately 600,000 barrels of heavy crude, indicated the gradual reopening of commercial channels following years of conflict, sanctions and severe deterioration of production infrastructure.

A further shift occurred in early 2026 as the central government progressively regained control over important oil and gas assets in northeastern Syria. Government forces took control of the Al-Omar oil field, one of Syria's largest, and the Conoco gas field in Deir-ez-Zor in January 2026. In February, implementation of the government's agreement with the Syrian Democratic Forces extended this process into Hassakeh, where the Syrian Petroleum Company began assuming control of the Rmeilan and Al-Suwaydiyeh oil fields. These developments represent early and still fragile indicators of recovery, given the extensive rehabilitation required across Syria's energy infrastructure, but they are nevertheless significant when assessing the country's medium-term production capacity and associated market opportunities.

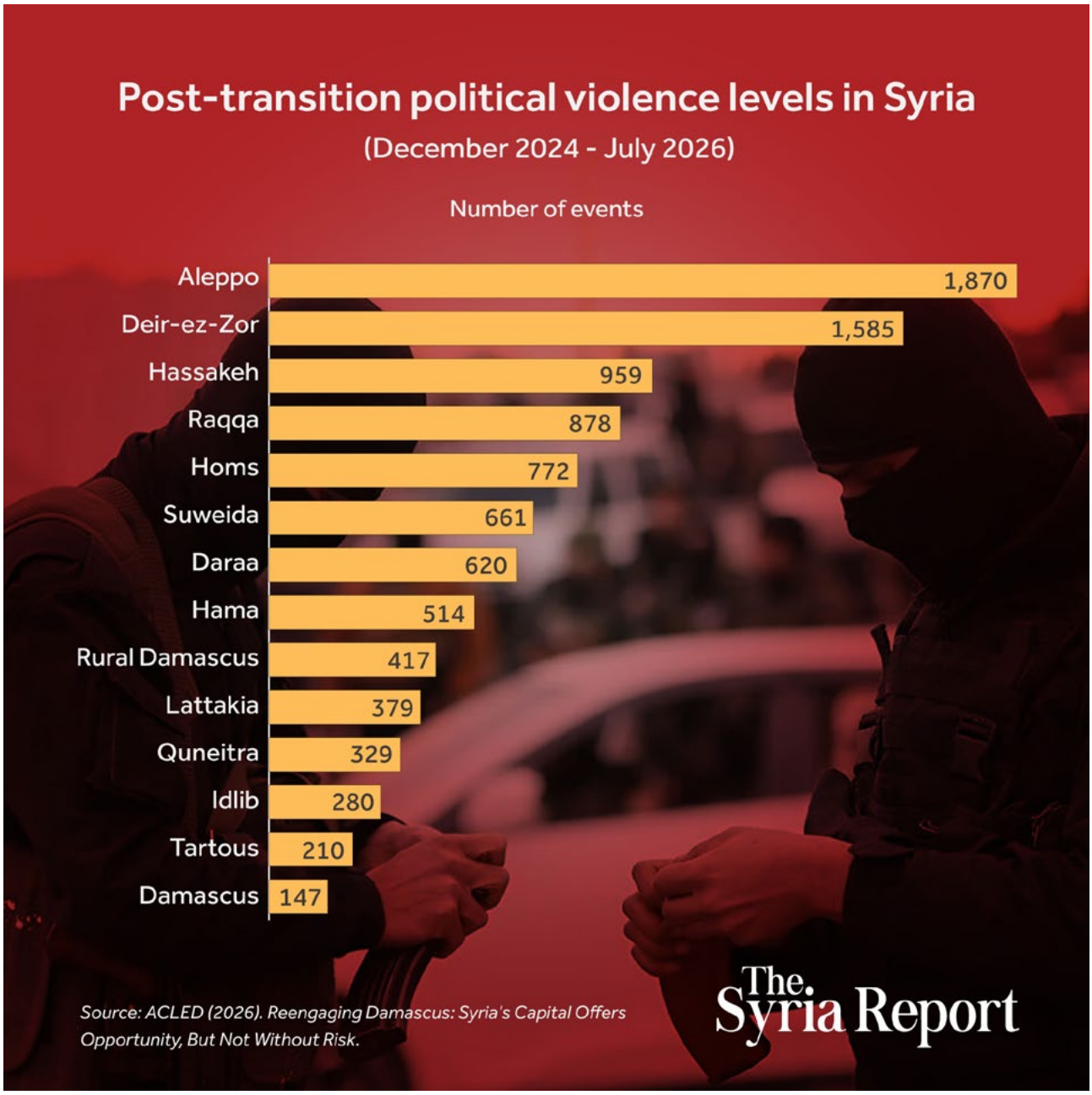
1.4 Key Constraints

Financing

Financing is the most prominent constraint facing Syria's reconstruction process, reflected in the enormous gap between identified needs and available funding. Syria's 2025 Humanitarian Response Plan was funded at only 35 percent, with aid reaching fewer than 10 percent of displaced families, while in 2026, up to September 2, the response plan had received only USD 890 million out of the USD 2.92 billion required. [14] [15]

Despite recording a modest surplus in 2025, the government's public budget cannot realistically meet a USD 216 billion reconstruction bill. For 2026, for instance, the budget is forecast at USD 10.6 billion. Saudi Arabia and Qatar, in coordination with the United Nations Development Programme (UNDP), announced in mid-2025 a grant of USD 89 million to cover part of the civil servants' salary bill for a period of three months[16]. Together, they also repaid Syria's USD 15.5

13 IMF (2026), IMF Staff Concludes Staff Visit to Syria. Press Release No. 26/272.
14 World Bank (2026,) Syria: Macro Poverty Outlook - Spring 2026.
15 UNOCHA Financial Tracking System (2026,) Syria Country snapshot for 2026.
16 UNDP (2025), Qatar Fund for Development and the Saudi Fund for Development Launch Joint Initiative to Sustain Public Services in Syria in partnership with UNDP.



million debt to the World Bank [17], a prerequisite for Syria to qualify for grants and concessional lending. This unblocked several World Bank grants while several others are in the pipeline. Through the International Development Association (IDA), the World Bank had provided by the end of August 2026 USD 419 million in grants, including USD 75 million for the health sector, USD 150 million for the water sector, USD 20 million to improve Syria's public financial management capacity, USD 146 million for the electricity transmission and distribution network and USD 100 million to modernise and rehabilitate Syria's banking sector. An additional USD 440 million is in the pipeline.

Energy

Syria's energy infrastructure is among the sectors most severely damaged, requiring around

17 World Bank (2025), Syria's Arrears to the World Bank Group Cleared.

USD 40 billion to rebuild[18]. Widespread and prolonged power outages during the war years - when average daily electricity supply in most governorates amounted to only a few hours - led to heavy reliance on diesel generators, constraining industrial productivity and increasing operating costs across all sectors. Energy tariff adjustments implemented in 2025 partially improved cost recovery for the state, but also increased living costs nationwide, while high energy costs in Syria's industrial sector continue to limit the ability of manufacturers to compete with neighbouring countries[19].

Banking and Financial System

Syria's banking sector is arguably the most acute structural constraint on private investment. The inability to conduct standard international transfers - although some transactions are starting to get through -, issue letters of guarantee, or process foreign currency transactions through Syrian banks forces companies to rely on informal remittance channels or excessive use of cash, each of which carries significant compliance, cost, and reputational risks.

The IMF's technical assistance programme, launched in 2025 and expanded in 2026, focuses specifically on rehabilitating the banking and payments system, strengthening banking supervision, and supporting the Central Bank in developing an appropriate monetary policy framework[20]. A USD 100 million grant by the World Bank in August 2026 will also support the revamping of the financial sector.

Labour

Syria's labour market reflects the destruction caused by the conflict. The UNDP estimates that fourteen years of war erased around four decades of economic progress and human capital[21]. Although around 1.7 million refugees had returned by the end of July 2026[22],well-trained skilled labour remains scarce locally.

Many skilled Syrians are part of diaspora communities in Germany, the Gulf, Turkey, and North America, and their willingness to return or contribute remotely depends on political stability, legal certainty, and competitive wages. The minimum wage, which was raised from USD 17 to around USD 110 per month in 2025, remains low by regional standards, with implications for both labour cost competitiveness and consumer demand.

Sanctions

The sanctions landscape surrounding Syria underwent a major transformation in 2025. The United States formally ended its comprehensive sanctions programme against Syria under Executive Order No. 14312 on June 30, 2025. This followed Office of Foreign Assets Control (OFAC) General Licence No. 25, issued on May 23, 2025, which effectively suspended most restrictions.

The secondary sanctions provisions of the Caesar Act were repealed through the U.S. National Defense Authorization Act in December 2025, while Syria was removed from the State Sponsors of Terrorism list in August 2026, some 47 years after its designation.

The European Union lifted all remaining economic sanctions on May 28, 2025, after beginning the process in February 2025. For German and other European companies, the easing of E.U. sanctions is the most directly applicable, as European banks are now permitted to open accounts in Syria, establish correspondent banking relationships with Syrian institutions, and open branches.

18 Norton Rose Fulbright (2026), Syria Power Sector Guide 2026.
19 The Syria Report (2025), Electricity Price Hike Marks Syria's Largest Tariff Increase in Decades.
20 IMF (2026), IMF Staff Concludes Staff Visit to Syria. Press Release No. 26/272.
21 UNDP (2025), The Impact of the Conflict in Syria .
22 UNHCR (2026), Comprehensive Overview of Refugee Returns Dashboard.

Nevertheless, targeted restrictions remain in place. Individuals linked to the former regime, terrorist organisations, and entities linked to Iran, Russia, or North Korea remain subject to sanctions. The repeal of the Caesar Act is also conditional on periodic congressional reviews of Syria's commitments to counterterrorism and governance.

Security

Syria's security environment has improved overall since the fall of the Assad government in December 2024, but the trajectory has been uneven and repeatedly interrupted by geographically concentrated episodes of severe violence. The Armed Conflict Location and Event Data Project (ACLED) recorded 44 percent fewer violent events during the first eleven months of 2025 than during the corresponding period of 2024, with monthly incidents declining from more than 1,000 in January to fewer than 400 by October[23].

The most serious post-transition escalation occurred along Syria's coast in March 2025, when attacks by Assad-aligned armed groups against government forces triggered several days of clashes and widespread retaliatory killings, particularly affecting the Alawite population. Further violence erupted between government-aligned forces and Druze armed groups around Jaramana and Ashrafiyet Sahnaya in late April 2025, before a substantially larger escalation in Suweida in July. ACLED recorded more than 793 reported fatalities in Suweida between 13 and 31 July alone. In each case, violence subsequently declined from its peak, but the recurrence of such episodes demonstrated that periods of relative stability could coexist with unresolved communal grievances and the risk of rapid localised escalation.

A further deterioration occurred in January 2026 following the breakdown of negotiations over the integration of the Syrian Democratic Forces into the Syrian state. Fighting initially concentrated in Kurdish-held areas of Aleppo before spreading eastwards into Raqqa, Deir-ez-Zor and Hassakeh. A comprehensive agreement reached between Damascus and the SDF on 30 January produced another period of de-escalation and began to be implemented in February, although the settlement remained fragile. Security conditions in northeastern Syria therefore continue to depend heavily on the durability of political and military integration arrangements.

By contrast, Damascus has remained substantially less exposed to large-scale political violence than Syria's principal conflict-affected regions and provides the most permissive environment for renewed international business activity. Nevertheless, the threat of extremist violence has not disappeared. ACLED recorded 83 political-violence events involving ISIS between January 1 and June 20, 2026, concentrated primarily in Deir-ez-Zor, Raqqa and parts of Aleppo, indicating that residual insurgent activity remains particularly relevant to operations in northern and eastern Syria.

The resulting pattern is therefore best understood as one of partial and geographically uneven stabilisation rather than continuous nationwide improvement. Damascus and areas where the transitional government has consolidated effective security control are increasingly conducive to commercial activity, while the coastal region, Suweida - most of which is not under government control-, parts of the northeast, and areas exposed to Israeli military operations in the south of the country retain materially higher escalation risks. Companies should consequently treat security as a dynamic and location-specific variable, incorporating continuous monitoring, route and site-level risk assessments, and contingency planning for short but potentially severe episodes of disruption.

Institutional Capacity and Data Constraints

Syria's limited institutional and statistical capacity represents an additional cross-cutting

23 ACLED (2026).

constraint on reconstruction and private investment. Fourteen years of conflict severely weakened public administration, disrupted statistical systems and reduced the ability of government institutions to collect, process and publish reliable economic and social data. Official information remains incomplete and uneven in quality. The IMF has identified the strengthening of national accounts, price, balance-of-payments, government-finance and monetary statistics as an area requiring continued technical assistance.

For foreign investors, these weaknesses have direct commercial consequences. Reliable and regularly updated data on household consumption, employment, incomes, business activity, sector output and market size are often unavailable or insufficiently detailed, making conventional market assessment more difficult. Companies may therefore struggle to estimate addressable demand, identify customer segments, benchmark competitors or develop credible revenue projections using the type of official datasets available in more established markets. This increases the cost of market intelligence and places greater weight on primary research, local partners, sector associations and direct market observation.

The problem extends beyond economic statistics to the administrative capacity of the state itself. Public institutions are still rebuilding the databases, information systems and professional expertise required. Rebuilding such systems, alongside the technical capacity of ministry staff to operate them, is a long-term institutional process rather than a constraint that can be resolved rapidly.

International institutions and development partners are therefore supporting the rebuilding of state capacity alongside physical reconstruction. For investors, however, institutional weakness and data scarcity are likely to remain important features of the Syrian market in the near term and should be incorporated into market-entry strategies, due-diligence budgets and investment assumptions.

2. Investment and Business Environment

2.1 Investment Laws and Incentives

The legal framework governing foreign investment in Syria is based on two main instruments: Investment Law No. 18 of 2021 and Presidential Decree No. 114 of 2025, which substantially amended and expanded the 2021 law. Decree No. 114, issued by President Al-Sharaa in June 2025, provides several additional incentives to investors and has been widely promoted internationally by the Syrian Investment Authority (SIA) during investor outreach rounds in Dubai, London and other financial centres[24].

Syria's investment incentive structure permits foreign investors to own 100 percent of the capital of projects in most sectors without a mandatory Syrian equity partner. The tax incentives introduced under Decree No. 114 of 2025 are, however, activity-specific rather than uniformly sector-wide. Agricultural and livestock production projects benefit from a permanent 100 percent exemption from income tax.

Projects established in designated development zones and operating within sectors specifically targeted by the relevant zone designation benefit from a permanent 80 percent reduction in income tax[25]. Outside development and specialised zones, a permanent 80 percent income-tax reduction applies to specified categories of investment, including industrial projects that export more than 50 percent of their production capacity, medical-industrial projects and the manufacture of human, veterinary and agricultural pharmaceuticals, agro-processing projects, environmentally friendly waste-recycling activities, agricultural sorting and packaging facilities, and handicraft establishments[26].

Healthcare service providers should be distinguished from medical manufacturing activities. Hospitals, clinics and other health-service projects are not expressly granted a blanket permanent income-tax exemption under Article 21 as amended. They do, however, benefit from customs incentives: imports of new and unused medical equipment intended to equip hospitals and health centres are exempt from customs duties, financial charges and related non-customs additions, subject to the equipment being used for the purposes of the qualifying project. Health projects located within a designated development zone could additionally qualify for the 80 percent income-tax reduction where healthcare is included among the sectors targeted by that zone.

The procedural protections introduced by Decree No. 114 include restrictions on the right of the state to seize assets, clearer rules governing expropriation and compensation, the inclusion of a stabilisation clause that fixes regulatory and financial burdens at the conditions prevailing at the time of licensing, a six-month correction period before the cancellation of a licence, and the explicit extension of investment guarantees to projects implemented under Build-Operate-Transfer (BOT), Build-Own-Operate (BOO), and Public-Private Partnership (PPP) models[27]. Minimum capital requirements vary by sector. Services projects require around SYP 500,000 million, equivalent to approximately USD 3,900, while industrial projects require SYP 1 million. Agricultural projects face lower minimum thresholds.

Several provisions require particular attention. The oil, telecommunications, banking and insurance sectors are subject to special approvals from the Central Bank or relevant ministries rather than the SIA's standard licensing process, and fall under specified PPP rules.

24 Middle East Institute (2026), Syria's New Investment Law and the Return of State Mediated Market Access.

25 Sima Insights (2026), Syria's New Investment Law: An Aggressive Bid for Foreign Capital.

26 The Syria Report, Official Documents Database (2025). Official Gazette of the Syrian Arab Republic, Issue No. 24, 2025.

27 Affaki, G. & Wahbi, N. (2026), Investing in Post-Conflict Syria. Insight No. 15.

This means that German companies seeking to enter these sensitive sectors must navigate a distinct and more complex approval process. In other sectors, the SIA's one-stop-shop mandate - which is responsible for processing approvals, coordinating sectoral requirements and supporting investors through a centralised process - is intended to simplify licensing, although implementation in practice has not yet fully matched this design[28].

Critically, however, independent legal analysis identifies a persistent tension in the law's architecture: access to Syria's most lucrative deals continue to be mediated through well-connected individual actors, preserving a model of selective market access that has historically operated at the expense of competitive transparency[29]. Foreign investors must therefore assess not only the formal incentive structure but also the informal dynamics of market access within each target sector.

2.2 Regulatory Framework

Syria's regulatory environment reflects the dual challenge of moving away from a highly centralised and bureaucratic state apparatus while simultaneousl building new institutional frameworks.

The SIA, placed under the supervision of the HCED under Decree No. 115, is intended to serve as the primary interface for foreign investors. In practice, however, the SIA's powers overlap with those of ministries and regional administrations, creating a layered approval landscape that may require multiple permits from different institutions for a single project.

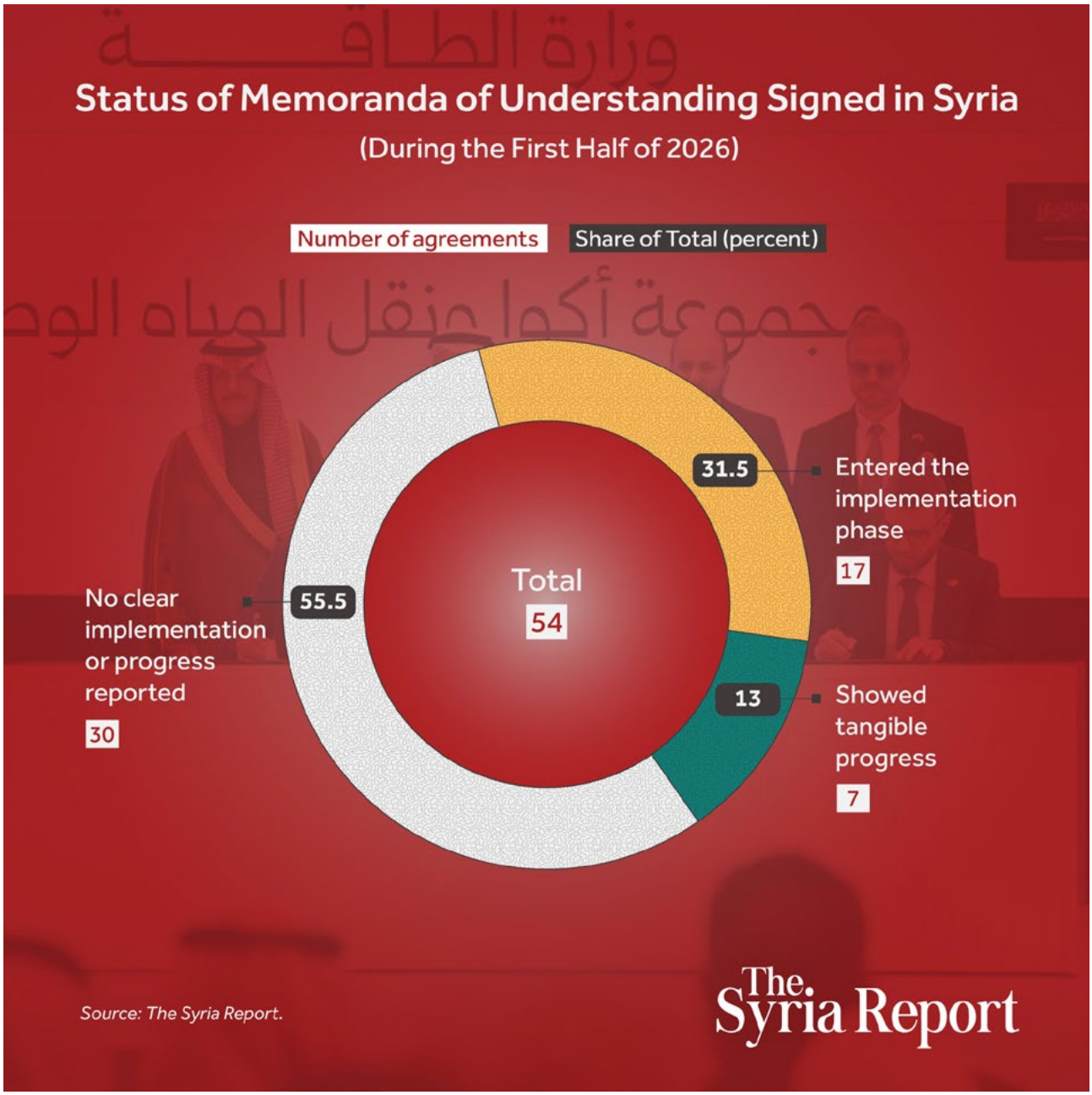
The Companies Law and the Foreign Establishments Law govern corporate structuring. Foreign companies have three main entry vehicles available: a locally incorporated limited liability company (LLC), which allows 100 percent foreign ownership and is the most commonly recommended structure for operational market entry; a representative or liaison office under the Foreign Establishments Law, suited to exploratory, project-specific, or low-activity phases; and a branch office, though eligibility for tendering purposes depends on the procurement rules of the relevant contracting authority.

An LLC is the preferred structure for most German companies planning substantive commercial operations, given its legal personality, full ownership rights, and eligibility for SIA-licensed investment incentives[30].

The judicial system represents a significant structural risk. Some legal analyses have noted that, although Decree No. 114 contains explicit provisions protecting investors from expropriation except pursuant to a judicial order with fair compensation, the law does not address the lack of independence of the economic judiciary, nor does it establish sufficient enforcement mechanisms for commercial disputes. German companies should therefore explore contractual arbitration clauses specifying international seats of arbitration, options available under Syria's investment framework, rather than relying solely on Syrian domestic courts[31].

The Investment Law requires at least 60 percent of employees in SIA-licensed projects to be Syrian nationals. This provision serves both a social policy objective, namely local employment, and creates a practical constraint for German companies requiring specialised technical skills that are not currently available in the local labour market. Insurance requirements stipulate that projects must be insured through licensed insurance companies in Syria, adding another layer of regulatory interfaces.

28 US Embassy in Syria (2026), The Investors' Handbook.
29 Middle East Institute. (2026), Syria's New Investment Law and the Return of State-Mediated Market Access.
30 The Syria Report (2025), Guide to Registering Foreign Companies in Syria.
31 The Syria Report (2026), Guest Analysis: Legal and Practical Considerations for International Investors Doing Business in Syria.



2.3 Banking and Payments

Syria's banking sector is viewed as one of the most important constraints facing the entire reconstruction economy[32].

The lifting of sanctions was necessary but insufficient to normalise financial flows. Even after the European Union, United States and United Kingdom lifted economic sanctions, the practical reality is that, as of mid-2026, no Syrian bank maintains a fully functioning correspondent relationship with a major Western financial institution. The reasons are structural and cumulative. Fourteen years of isolation have left Syrian banks lacking technical resources, characterised by limited operational transparency, and without the compliance infrastructure - such as anti-money laundering frameworks, know-your-customer documentation and SWIFT connectivity - that correspondent banks require before re-engaging.

32 SIMA Insights (2026), Syria's Banking Problem and How to Solve It.

The Central Bank of Syria's 2026-2030 strategy[33], developed with advisory support from Oliver Wyman in early 2026, focuses specifically on addressing these constraints. Key priorities include preparing new legislation and regulations for the financial sector, rehabilitating the banking and payments system, strengthening banking supervision, and developing an appropriate monetary policy framework.In November 2025, the European Union clarified that European banks are legally permitted to open accounts in Syria, establish correspondent banking relationships with Syrian institutions, and open branches. This represents an important development for German banks seeking to resume engagement. However, the main constraint now lies not in E.U. law but in the practical compliance frameworks of individual institutions.

Syrian banks must meet anti-money laundering and counter-terrorism financing standards, demonstrate corporate governance, and work to resolve the issue of Syria's Financial Action Task Force (FATF) grey-list status. Syria was placed on the grey list in 2010, and its removal depends on demonstrating that it has implemented the reforms it committed to[34]. For German companies operating in Syria in the near term, the most practical approach is to route international payments through financial intermediaries in third countries with an established presence in the Syrian market, use legitimate foreign-currency-denominated escrow accounts for international projects, or involve donors and multilateral organisations as financial intermediaries for grant-funded projects.

2.4 Public-Private Partnership Opportunities

The Syrian government has explicitly adopted Public-Private Partnership (PPP) models as the primary mechanism for financing and operating reconstruction projects in sectors where public funds are insufficient - a category that includes almost all infrastructure sectors. Presidential Decree No. 114 formally extends the guarantees of the Investment Law to projects implemented under Build-Operate-Transfer (BOT), Build-Own-Operate (BOO), and Public-Private Partnership structures.

In the last eighteen months, investments via PPP have proliferated. In the energy sector, the Ministry of Electricity has issued a fixed feed-in tariff for private solar projects of between USD 0.04 and USD 0.06 per kilowatt-hour, allowing investors to develop capacity of between 2 and 10 megawatts with grid connection rights[35]. Independent Power Project (IPP) structures are being promoted for larger-scale generation projects, with the memorandum of understanding involving Siemens Energy - signed during President Al-Sharaa's visit to Berlin in March 2026 - representing the most prominent example of international corporate engagement under this model[36].

KfW, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), allocated EUR 118.5 million in 2025 for the rehabilitation of hospitals, water infrastructure, roads and schools through United Nations implementing partners, creating potential opportunities for the German economy[37]. In the health sector, hospital rehabilitation and equipment supply represent natural entry points for PPPs, given the combination of identified needs, international donor financing, and the established practice of turnkey equipment supply and maintenance contracts with international companies. Health spending has been raised as a priority in Syria's 2026 budget, although there is no public data on actual spending on the health sector.

33 CBS. (2026), The Central Bank of Syria's 2026–2030 Strategy.
34 SIMA Insights (2026), Syria's Banking Problem and How to Solve It.
35 Syria Capital Partners. (2026), Are There Planned Solar Farm Projects in Syria?
36 The Syria Report (2026), Sharaa's European Tour Signals Renewed Push for Economic Partnerships.
37 KfW (2026), Reconstruction of Infrastructure.

3. Engagement Levels of European Companies and Priority Sectors for German Companies

Since early 2025, numerous trade delegations from Europe have visited Syria to scout out opportunities, get a feel for the business environment, and meet with potential Syrian business partners and government officials. European companies have also attended exhibitions such as construction fair BUILDEX[38], while more delegation visits are lined up throughout the rest of the year.

Driving interest are the newly created business councils, the majority involving Syrian businessmen, established over the past 18 months, such as, in Europe, the Syrian-German Business Council, the Syrian-Italian Council, the Syrian-Dutch Business Council, the Syrian-French Business Council, the Syrian-Spanish Business Council and the Syrian-British Business Council.

The European Union and the European Commission, as well as national governments, are pushing for businesses to invest in Syria to not only tap a new emerging market and secure early-mover advantages, but to also enable the country's economy to rebound from the devastating civil war. Governments such as Germany's are keen to see a more stable Syria that can attract back hundreds of thousands of Syrian refugees.

As such, a range of German institutional actors - including the German Chamber of Commerce and Industry (DIHK), the Arab-German Chamber of Commerce and Industry (Ghorfa), and development organisations such as GIZ and KfW - are increasingly involved in supporting economic recovery, private-sector engagement, state-capacity building and the provision of technical and financial expertise. Germany has backed this engagement with substantial non-humanitarian development funding. In 2025, the Federal Ministry for Economic Cooperation and Development (BMZ) made approximately EUR 218 million available for reconstruction, stabilisation and development measures inside Syria, although the actual amount of money spent may be lower[39].

These programmes focus, inter alia, on vocational education and health, employment creation, the rehabilitation of infrastructure and water systems, economic development, the protection of land and property rights, the strengthening of public administration and the rule of law, and support for civil society. German funding is implemented through organisations including GIZ and KfW, UN agencies and non-governmental organisations rather than being transferred directly to the Syrian government.

In 2025, the European Commission allocated Euro 175 million for socio-economic recovery[40], and for 2026-2027, allocated a Euro 620 million package "blending socio-economic recovery programmes with vital humanitarian aid"[41]. Asked how much has been specifically allocated for economic development, the EC referred to its public announcements, which do not have budgetary breakdowns.

Such assistance is more focused on humanitarian aid and bilateral support rather than support for European businesses[42]. The EU has also repealed the 2011 partial suspension of the

38 The Syria Report (2026), Buildex Highlights Growing Interest in Syria's Construction Sector Amid New Development Projects.
39 Bundestag (2026), 218 million euros pledged for the reconstruction of Syria in 2025.
40 EU Commission (2025), The EU announces €175 million to support recovery in Syria.
41 EU Commission (2026), EU coordinates international support for the recovery of Syria's economy and reconstruction process.
42 Interview with Guillaume Spaccarotella, President of the European Syrian Business Council, which is also a member of the Franco-Arab Chamber of Commerce .

Cooperation Agreement between the European Economic Community and Syria[43]. While there have been high-level statements and visits to Damascus by the EU and national governments, direct state-backed investment is not happening, while European governments are offering few incentives to their companies to invest in Syria – such as trade financing or credit insurance –, or enabling financial transactions and correspondent banking due to the dearth of European state-owned banks.

Export financing with state-guaranteed export credits is currently specific to each European country[44]. Overall, there are not a lot of significant push factors to invest, leading to a divergence between governments' hopes and business realities[45].

Despite the easing of sanctions and the return of the SWIFT payment system to Syria, just one European bank, in Italy, has established correspondent banking relations with the country, and that has been off-and-on, according to local sources. Syrian banks in general are struggling to establish correspondent banking relations with European banks due to risk-aversion and over-compliance with anti-money laundering (AML) and countering the financing of terrorism (CFT) regulations.

As a result, investors in Syria are transferring out any profits through money service businesses or via Gulf or Jordanian banks and their parent operations, such as the Qatar National Bank (QNB), Saudi Arabia's Banque Saudi Fransi, and the Bank of Jordan[46].

Indeed, Syria's designation as a "jurisdiction under increased monitoring" (being on the Financial Action Task Force grey-list) and ranking poorly in risk and terrorism indices, is one of the biggest challenges to bolster the overall investment climate, alongside needed governmental and legal reforms.

This is causing hesitancy among European SMEs as the costs of compliance, difficulties in finding reliable Syrian partners and the absence of specific export financing mechanisms are further deterrents to enter the market[47]. The Multilateral Investment Guarantee Agency, also part of the World Bank Group, is considering operating in Syria to provide political risk insurance to private investors.

EU regulations, from anti-bribery to environmental, social and governance (ESG) and other requirements, are also hindering investment possibilities. According to some sources, foreign companies, including European firms that are willing to engage in less orthodox business practices, such as suitcases full of cash to secure contracts, have more market advantages. Those that play by the book may face longer lead times to establish business.The security situation is a further business consideration that is hindering engagement with Syria, evident in several risk and security companies being involved in business councils and trade delegations.

The security situation is a further business consideration that is hindering engagement with Syria, evident in several risk and security companies being involved in business councils and trade delegations.

There are also business opportunities for security-related companies, such as exporting armoured vehicles for foreign businesses, the diplomatic corps and NGOs. German companies in particular are interested in selling IT equipment - both software and hardware - and security systems[48].

43 The Syria Report (2026), EU Reinstates Cooperation Agreement with Syria.
44 Ibid
45 Interview with Axel Wochinger, CEO of Result Group, a German risk and crisis management company.
46 Interview with a Syrian banker that requested anonymity.
47 Interview with Guillaume Spaccarotella.
48 Interview with Mamdouh Al Tajjar, Founding President and Chairman of the Board of the Syrian-German Business Council, and a lawyer at Clayston in Hamburg.

The general low risk appetite of European companies poses the potential for regional businesses – Turkish, Jordanian, Lebanese, Gulf - that are less risk adverse to enter the Syrian market and get first-mover advantage, while regional businesses are being supported by governments, or state-linked enterprises, such as Turkey, and the Gulf, with an eye for business but also wider geo-political objectives. Qatari investors for instance have acquired a stake in Al-Shahba Bank, and are seeking to acquire a second bank, Syria International Investment Bank. The motivation for such investments is considered to be driven by the future economic potential, to get a slice of the reconstruction pie and to cement economic ties[49]. Indicative of regional interest in investing in Syria is that out of the 54 Memoranda of Understanding (MoUs) and agreements signed between the government and foreign partners in the first seven months of the year, nearly half were inked with Gulf countries, and if Egypt, Jordan and Iraq are added, two-thirds were signed with Arab partners. Nine MoUs and agreements were signed with France, four with Germany, and one with Italy[50].

While European business councils are touting the opportunities of being early-movers in the Syrian market to establish a market presence ahead of the competition, the overall sentiment is a wait-and-see attitude.

The case of French cement manufacturing giant Lafarge (now part of Swiss conglomerate Holcim), which was found guilty in April by a Paris court for financing terrorism through its Syrian subsidiary during the civil war, is serving a warning to other companies[51].

3.1 Overall European Investment

The major areas of European investor interest are oil and gas projects, infrastructure, transportation and logistics, although for now the overall number of European companies already in the market is still low[52].

With Syria needing to restore 80 percent of its electricity capacity, European companies are eyeing power generation projects, transmission networks and renewable energies. In April 2026, Germany's Siemens signed an agreement with Qatar's UCC Holding to supply combined cycle power packages for the Zayzoun and Deir-ez-Zor power plants. In June, Italy's Ansaldo Energia entered into an agreement to modernise energy infrastructure. While European companies have operational advantages in this sector, as well as in hydrocarbons, including past history in the country, they do face competition from US companies, which have also signed agreements, and from Gulf companies, particularly in renewables, sources said.

In the oil and gas sectors, Italy's Eni and France's TotalEnergies have signalled interest in projects, both onshore and offshore, although US companies have made more inroads so far. Beyond energy and power production, investment in phosphate mines is a possibility[53].

There is particular interest in securing transportation projects and to develop the country as a regional connectivity hub.

This concept has been given a further boost by the disruption to transportation caused by the closure of the Strait of Hormuz since the US-Israel war on Iran began in late February. The viability of Syria becoming a transit country for oil from the Gulf is however contingent on heightened security and stability[54].

Roads and related infrastructure are further areas, with Matière, a French SME, eyeing bridge construction. The company signed an

49 Interview with a senior Syrian banker.
50 The Syria Report (2026), In Focus: The Fate of the 54 Economic MoUs and Agreements Signed in 2026
51 Interview with Guillaume Spaccarotella.
52 Ibid
53 Ibid
54 Interview with Axel Wochinger.

MoU with the government under the previous regime, in 2023, to build some 32 bridges across the country, but until now funding is unavailable.

French President Emmanuel Macron's state visit in July 2026 cemented bilateral ties and business interest, with three agreements and MoUs in the civil aviation and air transport sector signed[55].

One agreement was between the General Authority of Civil Aviation and Air Transport (GACAAT) and the French Ministry of Transport, a MoU with French company Thales for cooperation in developing and modernising Communications, Navigation, Surveillance and Air Traffic Management (CNS/ATM) systems, while Syrianair Holding Company signed a strategic partnership agreement with the CMA CGM Air Cargo. An agreement was also signed for eight Airbus planes from France, while the Ministry of Higher Education and Scientific Research signed an MoU with French company Ellipse Projects SAS to develop university hospitals and medical education institutions.

On the logistics front, French shipping giant CMA CGM secured a 30-year concession last year to operate Latakia port, investing EUR 30 million, which is to be followed by a further EUR 200 million. The company also secured agreements to operate two inland dry ports in Adra and Aleppo. A freight rail link between Lattakia and Adra has been restarted, bolstering the viability of the projects.

While that railway line has restarted, the rest of the country's railway infrastructure is in poor shape, with potential projects to rehabilitate and modernise the network causing fierce competition between the French, Italians and Germans[56]. During Macron's visit to Damascus representatives from French multinational rail transport systems manufacturer Alstom attended but no deals were signed[57].

Securing funding for such a multi-billion-dollar railway project - estimated by the Ministry of Transport at some USD 5.5 billion - may prove problematic, unless European governments provide some form of financing, an issue that hangs over other sectors, such as telecommunications. The World Bank has in the pipeline, however, a USD 200 million grant to support the railway sector[58].

Prior to the civil war, the country's mobile phone network was run by Sweden's Ericsson and Finland's Nokia. Ericsson withdrew from the market in 2012, although it appointed a new manager for Syria this year, signalling renewed interest in re-entering the country . Nokia has also returned to Syria, but both operators face challenges to re-take market share from China's Huawei and ZTE, which came to dominate the sector during the civil war, the diplomatic source said.

3.2 German Investments

Germany has been one of the most vocal countries about Syria getting back on its feet economically, while German state-affiliated organisations, such as GIZ, are involved in bolstering administrative reform. However, as a member of a German investment organisation said off-the-record, there is more political interest than economic interest currently, with few German businesses successfully engaging with the country.

The head of a German business organisation facilitating investment in Syria echoed that sentiment, stating that interest from German companies is at a low level. Primary areas of interest are the security industry, architecture, tourism and the agriculture sector. Some German com-

55 The Syria Report (2026), France and Syria Sign MoUs on Aviation Sector as Damascus Prepares to Receive Eight Airbus Planes
56 The Syria Report (2025), The Arduous Path Towards Railway Rehabilitation
57 Interview with a Damascus-based diplomat.
58 The Syria Report (2026), World Bank, Germany and France Lead Development Banks Reengagement in Syria

panies, such as logistics firm M.G. International, have had an agent in Damascus since 2021, with business growing slowly but constantly[59].

However, business and trade relations will likely be boosted by a number of developments.

In March 2026, during the first visit to Berlin of the Syrian President, Ahmad Al-Sharaa and German Chancellor Friedrich Merz agreed on a German-Syrian Action Plan that outlines joint areas of cooperation, including in the spheres of security, migration, economic and financial recovery, and reconstruction[60]. During his visit Mr Sharaa also participated in a Syrian-German Business Forum during which several agreements were signed, including a deal between Syria's the General Authority of Civil Aviation and Air Transport (GACAAT) and the German Ministry of Transport to restore passenger and cargo air transport links between the two countries[61].

At the end of July and in early August 2026, two German low-cost carriers, Sundair and LEAV Aviation, started scheduled flights to Damascus and Aleppo from Dusseldorf and Berlin. These should help boost trade and tourism between the two countries. The Syrian diaspora in Germany is estimated at above one million.

Since December 2024, only two companies with German shareholders have opened in Syria according to the Syrian Official Gazette although the actual number of German investors having registered a company in Syria is likely to be much larger as there is a gap of several months between the registration of a company and the publication of its bylaws in the Gazette. Siemens Energy opened a branch in Damascus in September 2025 to oversee its future operations in the country, in particular the supply of turbines to new power plants under construction by Qatari Group UCC (see below) in Zeyzoun, near Hama, and Deir-ez-Zor, each with a capacity of 1,000 MW, and a contract signed with the Ministry of Energy in March to develop a control and management system for Syria's electricity grid in order to improve electricity distribution efficiency, reduce losses and strengthen grid stability.

A separate trading company specialised in medical equipment and called International Pharmaceutical Centre for Cancer Diseases and Medical Consulting LLC was established in November 2025 and included a German national among its founding shareholders.

One company that is leading German interest in Syria's reconstruction is Knauf, a producer of building materials, particularly gypsum boards. On March 30, during Mr Sharaa's visit to Berlin, the company signed an MoU with the Syrian government to cooperate in establishing training centres and skills development programmes for craftsmen, architects, students and specialists in the production of gypsum boards and mining fields in Syria.

The company said that it was planning "to set up several training centres as well as upskilling programmes for craftspeople, architects, students and specialists in production and mining to promote the modernisation of the Syrian construction industry." It added that it "intends to make significant investments in local production capacities to offer high-quality construction products," suggesting it plans to invest in a factory in Syria.

Knauf's involvement in Syria is not new. In 2007, it signed a contract with the state-owned General Company for Marble and Asphalt (GCMA) to build a plant near Lattakia for the production of gypsum and plasters . The status of the project is unknown, but in 2018 GCMA announced that it was holding discussions with Knauf to

59 Interview with M.G. International.
60 German Federal Foreign Office (2026), Working together for a new Syria: Implementation of the German-Syrian Action Plan begins
61 The Syria Report (2026), Sharaa's European Tour Signals Renewed Push for Economic Partnerships

restart activity, although it is not clear if this has materialised.

One more niche area is the education sector, with a German company signing an MoU with private institution, the International University of Science and Technology (IUST) in Ghabagheb in Daraa governorate, on a language training project. Also, in July 2026, an academic partnership was established between Darmstadt Technical University and six Syrian universities (the universities of Damascus, Aleppo, Homs, Idlib and Lattakia, and the Syrian Virtual University) with a focus on scientific subjects directly related to reconstruction, such as civil engineering and geomatics, including surveying, remote sensing, digital mapping and geospatial information systems[62]. Several business lobbying groups are also trying to develop the business relations between the two countries.

In July, the Nah-Und MittelOst-Verein (NUMOV, the German Near and Middle East Association), in cooperation with the Syrian Business Council, a local group of prominent investors, organised a business delegation visit to Syria with representatives of around two dozen German companies and institutions. Meanwhile, the Syrian-German Business Council (SGBC), a body established after the fall of the regime and directly affiliated with the Syrian Ministry of Economy and Industry, is working to get export credit agencies to support companies with loans to enter the Syrian market, particularly for renewable energy[63].

The chairman of the council is Walid Sahhari, the executive director of the Syrian Company for Automotive Industry (SCAI), a venture by the Syrian Sovereign Fund, by far the most powerful business institution today in Syria. Since 2020, Mr Sahhary has been acting as the CEO of BWS e-Mobility Technologies GmbH, a German company specialised in developing technologies and powertrain systems for electric and hybrid vehicles, as well as energy storage solutions.

On August 26, the SGBC, in cooperation with the Arab-German Chamber of Commerce and Industry and with the support of the German Federal Ministry for Economic Affairs and Energy (BMWE), organised a B2B encounter in Damascus in conjunction with the participation of a German economic delegation in the Damascus International Fair. Finally, the return to Damascus of KfW, the German development bank, formalised in Damascus on September 2, 2026, should boost German investment in Syria, although, for now, most of its work consists in funding UN agencies or international NGOs.

3.3 German Economic Involvement Prior to 2011

Prior to the conflict, German investment in the Syrian economy was on the rise. In 2010, KfW was a founding shareholder, along with the European Investment Bank and the World Bank's International Finance Corporation, of First Microfinance Bank, Syria's first microfinance institution, although KfW does not hold shares in the bank anymore[64]. KfW had also started providing a number of grants, in particular a EUR 50 million funding for the construction of a water sewage and network system in the Sayyida Zeinab district of Damascus. Several German companies - in addition to Knauf - invested in Syria or were contracted in a variety of sectors.

In 2010, for instance, Ha-Be Betonchemie, a German manufacturer of concrete admixtures, concrete colours and surface protection systems, and other concrete-related products set up a joint venture with local group Attar for a concrete production plant[65].

Because of its timing, a few months before the uprising, the project did not materialise. Ha-Be

62 SANA (2026), Syria, Germany begin academic partnership on engineering and university development
63 Interview with Mamdouh Al Tajjar.
64 The Syria Report (2025), In Focus: Challenges and Opportunities for Microlenders in post-Assad Syria
65 The Syria Report (2010), Attar Group, Ha-Be to Build Concrete Manufacturing Plant



is already largely present in the Middle East with subsidiaries in Egypt, Oman and the UAE. Prior to 2011, several German consultancies and engineering firms landed contracts.

This includes Detecon, a telecommunications consultancy, which supported the Syrian government in 2010 as it was issuing a tender to award a licence to a third mobile phone operator, and Setzpfandt, a civil engineering consultancy, which was contracted to submit before the end of 2009 a technical study of the Damascus Great Bypass project[66] [67]. In May 2011, Sunset Solar won a contract to build a 1 MW photovoltaic plant in Deir Ali, at the time, the first such plant in Syria . In 2009, according to local media reports, Biogest, a German company specialised in water treatment solutions, began construction works on the water treatment plant for the Hessia Industrial City near Homs.

66 The Syria Report (2009), Germany's SETZPFANDT to Provide Study of Damascus Bypass Before end of 2009
67 The Syria Report (2010), Syria Shortlists 5 Telecom Firms for 3rd Mobile Phone Licence

4. Market Entry Models and Partnerships

4.1 Local Partners and Business Networks

Establishing reliable local partnerships in Syria is not merely a means of facilitating regulatory compliance; it is a strategic necessity. The complexities associated with operating in a changing business environment whose institutions have not yet been fully consolidated make local knowledge, access to relationship networks, credibility, and reputation more valuable than they are in more mature markets.

The German Syrian Business Association DSWV, established in 2025, provides a framework connecting German companies with local partners, suppliers, and government officials, while also offering legal and regulatory guidance and compliance support to companies entering the Syrian market[68]. Similarly, the Syrian-German Business Council, reactivated following President Al-Sharaa's visit to Berlin in March 2026, operates as a bilateral platform facilitating introductions and business matching between Syrian and German companies.

The importance of the large Syrian community in Germany, estimated at more than one million people, as a resource for market entry cannot be overlooked. Syrian-German professionals and entrepreneurs often possess two complementary advantages: familiarity with German business culture and knowledge of the Syrian market and its relationship networks. This makes them valuable intermediaries, partners in joint ventures, or managers of local branches[69]. German business delegations have already begun exploring the market. In 2025, a large German business delegation (including Austrian companies) visited Damascus and held meetings with Syrian government officials and Syrian business partners, with the aim of developing a deeper understanding of the needs of the Syrian market and its investment environment.

Bilateral trade relations also provide an important foundation. Germany is Syria's largest European trading partner and accounted for 23.3 percent of Syria's total trade with the European Union in 2025, with bilateral trade reaching approximately USD 141 million[70].

Table 1: Breakdown of Syria-EU Trade in 2025 (in USD million)

Country	Exports	Imports	Total	Balance
Germany	74.13	67.06	141.19	7.08
Italy	35.11	76.60	111.72	-41.49
Spain	15.78	55.68	71.46	-39.89
Netherlands	27.07	40.52	67.59	-13.45
France	4.89	30.96	35.84	-26.07
Greece	6.39	17.58	23.97	-11.19
Romania	2.79	20.77	23.56	-17.98
Belgium	0.49	20.82	21.30	-20.33
Poland	1.32	17.35	18.67	-16.03
Ireland	0.12	14.41	14.53	-14.29
Portugal	0.00	13.99	13.99	-13.99
Bulgaria	2.40	10.90	13.30	-8.50
Hungary	0.23	11.37	11.60	-11.15
Austria	1.96	8.30	10.26	-6.35
Sweden	4.15	2.07	6.22	2.08
Denmark	0.17	4.84	5.01	-4.67
Czechia	0.14	4.33	4.47	-4.19
Cyprus	1.24	2.18	3.41	-0.94
Finland	0.03	1.68	1.71	-1.65
Croatia	0.00	1.22	1.22	-1.22
Lithuania	0.00	0.89	0.89	-0.89
Slovenia	0.02	0.72	0.74	-0.69
Slovakia	0.02	0.67	0.68	-0.65
Latvia	0.06	0.62	0.67	-0.56
Estonia	0.02	0.51	0.53	-0.49
Luxembourg	0.33	0.06	0.39	0.28
Malta	0.00	0.25	0.25	-0.25
Total	178.85	426.33	605.18	-247.47

Source: UN Comtrade

Sector-specific chambers and industry associations, such as the Federation of Syrian Cham-

68 DSWV (2026), German-Syrian Business Association.
69 Enterprise AM (2026), Syrian Diaspora Investors Emerge as the Bridge Between Global Capital and Post-Assad Reconstruction.
70 The Syria Report (2025), Syria-EU Trade Per Member State.

bers of Commerce and the Federation of Syrian Chambers of Industry and their branches across Syrian provinces, provide additional channels for identifying potential local partners. These institutions are working to rebuild their international links as the business environment gradually returns to a more normal state, while their German counterparts, such as the network of the German Chambers of Commerce Abroad (AHKs), which may seek to establish a presence in Syria, represent a natural bilateral bridge for providing formal business-matching services.

4.2 Joint Ventures and Technology Transfer

Given the local employment requirements, which stipulate that Syrian nationals must constitute 60 percent of employees in licensed projects, and the broader importance of knowledge of the local market, establishing joint ventures with Syrian private-sector companies represents the most suitable structural model for German companies entering the market in most sectors. The joint venture structure combines German capital, technology, and technical expertise on the one hand, with the Syrian partners' market access, ability to navigate regulatory requirements, access to local supply-chain relationships, and workforce management capabilities on the other. This model is broadly consistent with the Syrian government's stated preference for "strategic partnership" models and is also aligned with the investment law framework, which provides incentives for projects involving Syrian companies in implementation[71]. Both the Syrian government and German-Syrian bilateral forums have explicitly identified technology transfer as one of the priority dimensions of the partnership framework. A statement issued by the Syrian-German Business Council in April 2026 described the new phase of bilateral economic relations as centred on investment, technology transfer, knowledge exchange, and expanding cooperation[72]. For German Mittelstand companies possessing proprietary technologies in areas such as water treatment, industrial machinery, medical equipment, energy systems, or precision manufacturing, technology licensing and transfer arrangements can generate revenue alongside establishing a market presence without requiring a full equity commitment, which may be appropriate given current risk levels.

The concept of circular migration, which is being developed within German-Syrian diplomatic discussions, provides an additional human-capital dimension to the partnership model. Under this framework, Syrian professionals residing in Germany could spend defined periods contributing to reconstruction projects in Syria while retaining their residence in Germany, effectively serving as agents of technology transfer and project managers connecting the two systems. This model has the potential to accelerate the transfer of technology and knowledge while addressing the shortage of skilled labour identified as one of the structural constraints facing reconstruction.

4.3 Role of International Organisations and Donors

International organisations and development finance institutions play a structurally important role in Syria's reconstruction economy, not only as financiers but also, in practice, as contracting channels, quality-assurance frameworks, and mechanisms for reducing risks associated with private-sector participation. For German companies, alignment with projects financed by multilateral institutions offers several advantages, including greater payment security due to donor-backed financing, compliance with internationally recognised procurement standards that may be familiar from other markets, and reputational cover that reduces concerns associated with dealing with politically sensitive counterparties. The World Bank has already

71 Asharq Al-Awsat (2026), New Syria Defines Its Economic Identity: 'Partnership' Replaces Privatization in Recovery Plan.
72 Arab News (2026), Reconstruction, energy drive renewed Syria-Germany ties.

provided several grants and committed to provide more to Syria following the settlement of Syria's arrears to the institution. Procurement in World Bank-financed projects is subject to competitive tendering procedures, providing German companies with a transparent route to market access.

KfW, as Germany's development bank and the implementing institution for the bilateral Syria programme of the Federal Ministry for Economic Cooperation and Development (BMZ), represents a particularly important entry point for German companies. The bank is actively identifying opportunities in water, health, and infrastructure projects currently being implemented through its partners UNICEF and the United Nations Development Programme. The bank's project portfolio may gradually shift towards direct implementation by ministries as Syrian institutional capacities are rebuilt, creating contractual opportunities for German companies at the project implementation and delivery level.

The United Nations Development Programme (UNDP), UN-Habitat, the United Nations Mine Action Service (UNMAS), and the Food and Agriculture Organization of the United Nations (FAO) are active in Syria through programmes covering livelihoods recovery, water systems, mine clearance, and agriculture, respectively. These organisations frequently procure goods and services through competitive tendering processes open to international suppliers. The UN Global Marketplace (UNGM) is the main registration and tendering platform, and German companies operating in relevant sectors, such as construction materials, water treatment technologies, mine-detection equipment, and agricultural inputs, can proactively register on it. UNDP's private-sector partnership programme in Syria specifically targets "strategic opportunities for economic renewal" and may provide co-investment frameworks for eligible companies[73].

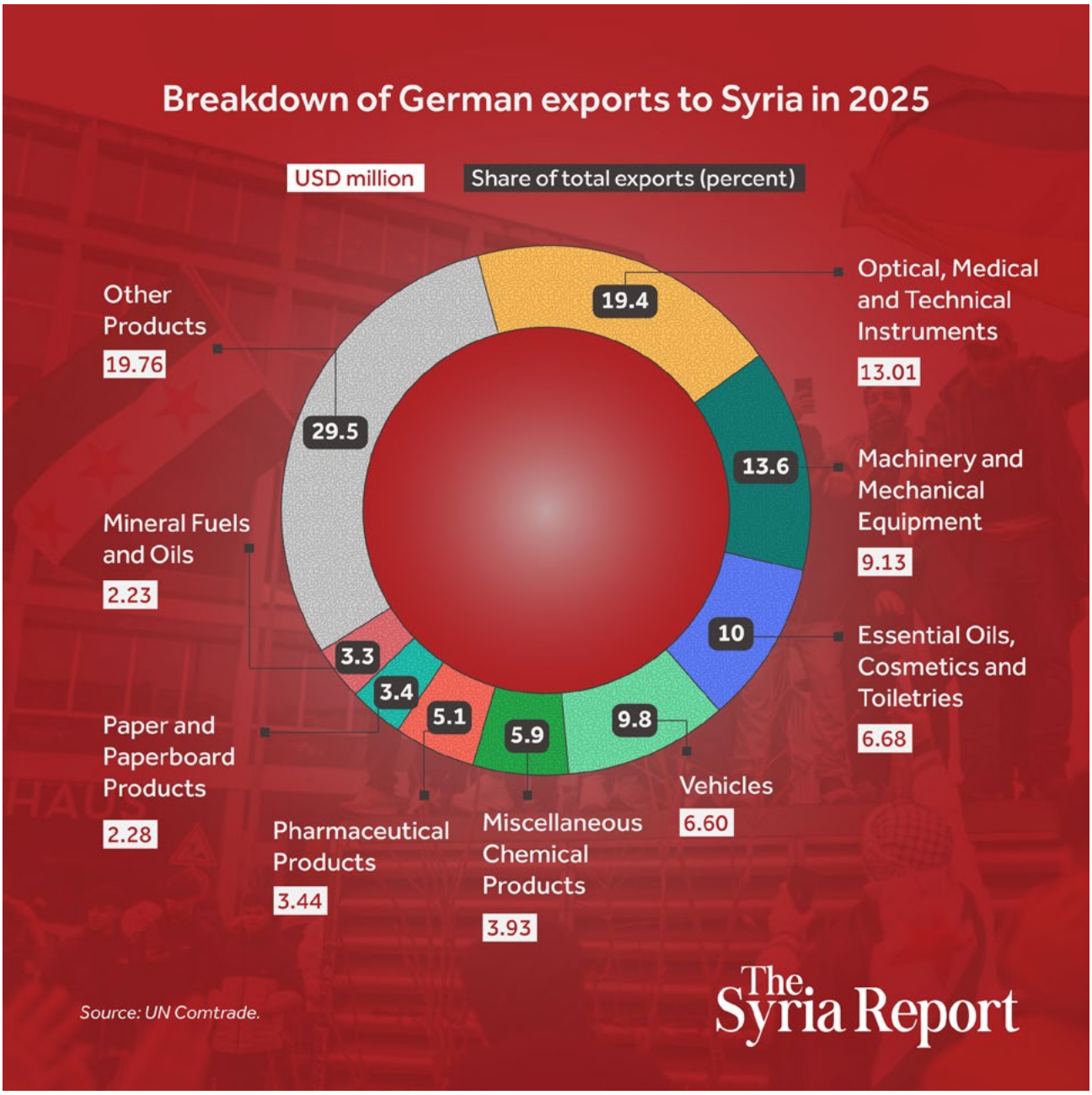
4.4 Financing Options and Export Credit Support

The financing of German companies for their operations in Syria could benefit from a multi-layered structure combining public instruments with emerging private channels. Understanding the available instruments and their applicability to different types of transactions is essential for building viable market-entry strategies. The German export credit guarantee system, administered by the company Euler Hermes Aktiengesellschaft on behalf of the federal government, is the risk-mitigation instrument most directly relevant to German exporters to Syria. These guarantees, known as Hermes Cover (Hermesdeckungen), protect German exporters and their financing banks against political risks, including country risks, as well as economic risks such as customer non-payment, in markets where private insurance is unavailable or insufficient.

These characteristics apply to the Syrian case. Hermes Cover can be applied to supplier credit, protecting the exporter's trade receivables, and to buyer credit, protecting the lending bank. Applications should be submitted to Euler Hermes before the export or credit agreement is concluded. A federal interministerial committee comprising representatives of the Federal Ministry for Economic Affairs and Climate Action (BMWK), the Federal Ministry of Finance, the Federal Foreign Office, and the Federal Ministry for Economic Cooperation and Development (BMZ) decides whether coverage is granted[74]. Syrian contracts in which the share of non-German components exceeds 49 percent require an individual assessment by the interministerial committee.

It is important to note that federal government export credit guarantees exceeded a total of EUR 13 billion in 2025, demonstrating the operational capacity of this instrument even in highly challenging markets. One complementary federal instrument is the Investment Guarantee Pro-

73 UNDP (2026), Syria's Private Sector: Strategic Opportunities for Economic Renewal.
74 Euler Hermes (2026), Federal Export Credit Guarantees.



gramme for Direct Investments Abroad, which protects German companies against political risks, including expropriation, nationalisation, and politically motivated interference in investments.

These risks are particularly relevant in the Syrian context. Applications are submitted to Euler Hermes and processed through the same interministerial framework. For larger-scale structured transactions, such as public-private partnership projects in the energy sector, investments in industrial facilities, or major infrastructure concessions, the European Fund for Sustainable Development Plus (EFSD+) and the European External Investment Plan (EIP) can provide complementary guarantee instruments to German export credit support, particularly for projects justified by their development impact.

These EU instruments provide political-risk coverage, first-loss guarantees, or grant components blended with financing, which can significantly improve the risk-adjusted returns available to German private-sector investors.

5. Risks and Risk Mitigation Strategies

5.1 Political and Regulatory Risks

Syria's political transition remains incomplete, and the trajectory that the consolidation of governance ultimately takes - whether inclusive or exclusionary, transparent or opaque, rules-based or centred on individuals - will have profound implications for the business environment over the long term. The most significant political risk is the fragility of the system. Although the transitional government's authority has become more firmly established, it has not yet developed into a fully institutionalised authority across the country. The continued presence of armed factions, together with unresolved questions over power-sharing, creates an environment in which policies can change rapidly and in ways that are difficult to predict.

The conditions embedded in the U.S. sanctions-relief framework add another layer of political risk. The repeal of the Caesar Act in December 2025 is not unconditional. The legislation requires periodic reports to Congress every four years confirming the Syrian government's continued efforts to combat terrorism and drug trafficking, protect minorities, and pursue peace with neighbouring countries. Targeted sanctions can be reimposed if the reports are negative during two consecutive periods. The EU has also conditioned its easing of sanctions to the respect of minorities and human rights[75].

Geopolitical risk represents an additional dimension. Syrian territory remains, in practical terms, contested, amid Israeli military operations in southern Syria and continuing tensions in northeastern Syria and Suweida Governorate, further complicating the business environment. To date, regional instability involving the United States, Israel and Iran has had a limited direct impact on the Syrian business environment, but it creates indirect risks through energy markets and regional supply chains. German companies should therefore monitor geopolitical dynamics at the regional level, rather than only at the national level, when assessing the timing of investment and determining their strategic positioning.

A particular operational constraint for German companies is Germany's continuing travel warning for Syria. As of August 2026, the Federal Foreign Office advises against all travel to the country while the German Embassy in Damascus operates only to a limited extent. Although the travel warning does not constitute a legal prohibition on travel, it has important practical implications for German companies seeking to deploy employees to Syria. Employers remain subject to heightened duty-of-care obligations when sending personnel into higher-risk environments and must take official travel and security guidance into account when assessing overseas assignments. The warning can therefore complicate business travel, longer-term staff deployment, corporate security arrangements and potentially the availability or conditions of insurance coverage.

This issue warrants regular reassessment as Syria's security environment evolves. The Federal Foreign Office itself regularly reviews its security guidance and can distinguish between nationwide and regional travel warnings. Should security conditions demonstrate sustained improvement, a more geographically differentiated assessment could materially facilitate German commercial engagement, particularly in relatively more stable economic centres such as Damascus.

5.2 Financial and Operational Risks

Although the Syrian pound has experienced a degree of stability compared with its wartime lows, it remains a weak currency with limited convertibility in international markets. Construction and infrastructure projects deno-

75 European Council (2025), European Council conclusions on the Middle East.

minated in Syrian pounds face exchange-rate depreciation risks, which could erode the value of revenues available for the repatriation of profits abroad. This requires German companies to structure contracts and revenue arrangements in US dollars, euros, or other hard currencies, while relying on the profit-repatriation guarantees contained in Decree No. 114 for transferring profits and funds abroad.

Liquidity risks arise from the constraints affecting the banking sector described in Section 2.3. Even where companies have legally guaranteed rights to transfer profits abroad, the practical execution of international transfers requires effective banking infrastructure, which is still being rebuilt.

Companies unable to execute routine international payments may face cash-flow disruptions and operational paralysis. This is therefore not merely a risk that can be hedged against, but a structural operational reality that should be incorporated into business planning from the outset through contingency financing arrangements and appropriate treasury management.

Cost and supply-chain risks are heightened by the damage to Syria's infrastructure and its limited transport connections with the outside world. Most construction materials, specialised equipment and technical components must be imported, with costs that include cross-border logistics, multiple customs procedures and transit insurance premiums for shipments passing through areas neighbouring conflict zones.

The costs of these inputs are higher than in neighbouring markets, while they also involve scheduling risks, as delays in customs clearance for equipment or in the delivery of materials can generate a chain of delays in project implementation that may threaten project viability. The limited availability of specialised technical skills in the labour market may also require the employment of foreign personnel, adding further costs to project budgets related to salaries, visa processing times and secure accommodation requirements.

Security and force majeure risks, although more manageable in Damascus and the main commercial centres than in border areas or more fragile regions, must nevertheless be incorporated into operations. This includes the protection of physical assets, employee security protocols, business interruption insurance and evacuation plans.

5.3 Compliance and Reputational Considerations

Even following the broad lifting of US and European sanctions, German companies continue to face a complex compliance environment in Syria. Targeted sanctions remain in place against specific individuals and entities, including those associated with the former Assad regime, members of designated terrorist organisations, and parties linked to sanctioned foreign governments operating in Syria, such as Iran, Russia and North Korea.

German companies are subject to European Union regulations, which require ongoing screening of all counterparties, beneficial owners, intermediaries and parties involved in transactions against applicable sanctions. Identifying politically exposed persons (PEPs) within Syrian business and government structures also requires enhanced due diligence procedures that go beyond standard commercial practices.

Anti-money laundering (AML) and counter-terrorist financing (CTF) compliance requirements are particularly sensitive areas. Syria's presence on the Financial Action Task Force (FATF) grey list, where it has been listed since 2010, means that international financial institutions applying risk-based AML frameworks may classify Syria-related transactions as high-risk transactions, requiring enhanced monitoring and documentation. This has practical implications for German banks advising on or financing Syrian operations.

Regardless of whether a transaction is legally permissible, individual banking institutions may adopt a cautious approach to Syria-related tran-

sactions because of reputational considerations and correspondent-banking relationships. German companies should address this challenge proactively by selecting banking partners with established experience in the Middle East and a track record of developing compliance frameworks for Syria-related transactions.

Reputational risks extend beyond formal compliance to include stakeholder perceptions. Some investors and development organisations have expressed concerns that parties with controversial human rights records could benefit from reconstruction investments, or that such investments could contribute to reinforcing governance structures that lack democratic legitimacy. German companies with significant environmental, social and governance (ESG) commitments, publicly traded shares, or a reliance on institutional investors may face questions from shareholders, employees or non-governmental organisations regarding their engagement in Syria. The most effective means of mitigating these risks is transparency, including by clearly explaining the development rationale for engagement, the due diligence procedures applied in selecting partners, and the human rights and labour standards adopted in project implementation. Working within projects financed or procured through KfW, the World Bank or the United Nations also provides an external quality-assurance framework that contributes to managing reputational risks.

5.4 Risk Mitigation Approaches

A structured risk-mitigation framework for German companies engaging in Syria should rest on five interconnected pillars: financial risk mitigation, a compliance framework, partnership structuring, security management, and phased commitment.

Financial risk mitigation begins with the use of Hermes coverage and investment guarantees to protect against political and commercial payment risks. German companies should apply for Euler Hermes coverage at an early stage of contract negotiations, rather than treating it as an instrument to be used after a transaction has been concluded. Payment terms - including advance payments, milestone-based payments and letters-of-credit requirements - should also be structured to reduce exposure to counterparty default risk. Likewise, blended-finance structures incorporating grant components from multilateral institutions reduce the effective cost of capital on a risk-adjusted basis and can make projects that would otherwise be considered marginally viable implementable.

Building a compliance system requires investment before entering the market, rather than after entry. This means establishing a formal Syria-specific compliance protocol covering the screening of all counterparties, partners and officials with whom the company deals for sanctions; identifying politically exposed persons (PEPs) and applying enhanced due diligence procedures to them; monitoring all Syria-related transactions from an AML perspective; and classifying all supplied products and technologies in accordance with export-control requirements. Companies should engage specialised legal advisers with expertise in Syria-related sanctions throughout their market engagement, rather than relying exclusively on in-house legal counsel. Contractual clauses requiring counterparties to provide compliance representations, granting audit rights, and specifying termination rights in cases of sanctions violations can provide an additional layer of protection.

Partnership structuring is itself a risk-management tool. Selecting Syrian partners on the basis of rigorous due diligence - including ownership transparency, reputation assessments, mapping of political exposure and legal records - can be considered the single most important decision a German company can make to mitigate risk. Preference should be given to partners with documented and clean records, experience in international business and a diversified client base, rather than those who offer apparent market access based primarily on political connections. Joint ventures can also be structured through clear governance provisions, dispute-resolution clauses providing for international arbitration,

and exit mechanisms, such as buyout options or change-of-control provisions. These safeguards provide legal protection if the relationship with the partner deteriorates or the political environment changes.

Security-management protocols should be calibrated to the specific geographical location, sector and stage of engagement. During the initial market-exploration and feasibility-assessment phase, focusing on Damascus and the major commercial centres reduces exposure to security risks. When implementing projects in higher-risk areas, it is appropriate to engage specialised security advisers and conduct regular threat assessments, alongside the application of physical protection measures, communication protocols and emergency-response plans. Political-risk and war-risk insurance should also be obtained for assets used in Syria.

Phased commitment may be the most important principle in risk management. Given the continued significant uncertainties surrounding banking infrastructure, the consolidation of political stability, the practical implementation of regulatory frameworks and security conditions, it is logical for German companies to begin with activities requiring limited capital but generating substantial market information, such as market-research visits, pilot projects, equipment-supply contracts and technical-consultancy arrangements. This approach allows companies to acquire market knowledge, establish local relationships and strengthen their institutional presence with their Syrian government counterparts, while at the same time limiting financial exposure to levels that can be written off without threatening the company's continuity.

6. Outlook and Recommendations

6.1 Medium-Term Outlook

The medium-term trajectory of Syria's reconstruction economy - broadly defined as the period from 2026 to 2030 - is likely to be shaped by the interaction of three groups of variables: the pace at which political stability and institutional capacity are consolidated; the scale and structure of international financial engagement; and the quality of the private-sector investment environment that emerges from the ongoing legal and regulatory reforms. The International Monetary Fund's forecast of economic growth exceeding 10 percent in 2026 points to a significant acceleration from a very low base. However, this estimate should be placed within the context of a recovery path that the United Nations Development Programme estimates could require 15 years at a rate of 5 percent to restore pre-war levels of welfare[76].

German-Syrian bilateral relations have entered a structurally deeper phase than at any point since 2011. President Ahmad Al-Sharaa's visit to Berlin in March 2026, which included a visit to Siemens Energy's headquarters and the signing of a memorandum of understanding between the Syrian Ministry of Energy and the company, marked a shift from exploratory diplomacy towards initial implementation commitments.

Germany's pledge of €200 million for 2026, with a focus on water networks and hospitals, together with the growing expansion of KfW's Syria portfolio, provides a public-investment base that creates a natural environment for private-sector engagement in activities linked to these projects.

The Syrian-German Business Council's description of bilateral relations as entering a deeper phase centred on investment, technology transfer, knowledge exchange and expanded cooperation reflects a shift in the level and intensity of practical relations between the two sides.

Several structural factors are particularly favourable to German companies. Germany's historical position as Syria's largest European trading partner, both currently and before the conflict, means that Syrian business counterparts, government officials and technical specialists retain a degree of familiarity with German companies, their product standards and their business practices. The large Syrian-German community also provides a permanent bridge for human capital and relationship networks. Germany's reputation in engineering and technology, particularly in water treatment, energy systems, industrial machinery and medical equipment, directly corresponds to some of Syria's most urgent reconstruction needs. Germany's development-finance system - combining BMZ grant financing, KfW development finance, Hermes coverage and bilateral diplomatic engagement - also provides a supportive public-sector institutional framework that reduces the risks of private-sector engagement to a degree not available to most other European competitors.

6.2 Recommendations for German Companies

The first priority for German companies interested in the Syrian market should be systematic market intelligence gathering rather than an immediate investment commitment. This means conducting research visits to Damascus, initially through delegations in cooperation with the Syrian-German Business Council; engaging with KfW and BMZ to understand the pipeline of publicly funded projects in relevant sectors; reviewing priority investment sectors and licensing conditions available through the Syrian Investment Authority (SIA); and obtaining legal advisory services from firms with active Syria practices to understand the current compliance environment. This information-gathering phase requires limited capital commitment, but gene-

76 UNDP (2025), Accelerating Economic Recovery Is Critical to Reversing Syria's Decline and Restoring Stability.

rates the knowledge base necessary for informed subsequent decisions.

During the initial stages of engagement, German companies should favour entry through international projects or projects whose procurement is conducted through the United Nations, rather than relying entirely on direct bilateral private investment. These procurement channels provide payment security supported by institutional financing, internationally recognised contractual standards, and a reputational framework that reduces concerns regarding the quality of counterparties.

Until Syria's banking infrastructure becomes sufficiently normalised to support routine international commercial transactions, German companies would benefit from structuring all Syria-related financing in ways that avoid reliance on Syrian banks for critical payment flows. This means providing for the use of international escrow accounts within contractual payment mechanisms, engaging financial intermediaries in third countries with an established presence in the Syrian market, and maintaining hard-currency liquidity reserves to cover operating expenses. Companies should also account for higher transaction costs when preparing project financial models and should regard banking-sector normalisation as a dynamic positive factor that will improve project economics over the investment horizon, rather than assuming that current conditions will remain unchanged.

It is also useful to assess the eligibility of every significant Syria-related export contract or supply arrangement for Hermes coverage at the contracting stage. The inter-ministerial application process requires advance preparation, and coverage must be arranged before the covered risk begins. It is likewise useful to treat Syria-related compliance as a first-order operational requirement, rather than as a subsequent legal matter.

It is also important that pressure to move quickly in an environment where first movers may be able to secure preferred positions does not override the need for rigorous partner due diligence. A Syrian partner that has not been adequately screened and is subsequently found to be a politically exposed person, linked to sanctioned entities, or associated with human rights violations could create compliance risks, reputational damage and financial losses far exceeding the cost of a more thorough and time-consuming partner-selection process.

German companies should invest in independent third-party partner screening, including mapping beneficial ownership, screening for politically exposed persons (PEPs), reviewing litigation histories and verifying reputation through references, before committing to any joint venture, agency agreement or distribution arrangement.

The scale and structure of German commercial engagement should increase in line with observable systemic improvements in three specific areas. First, banking-sector normalisation, as demonstrated by the establishment of effective correspondent-banking relationships and SWIFT connectivity for Syrian banks. Second, strengthening of the legal system, as demonstrated by the effectiveness of commercial courts, the publication of enforcement records for investment-protection provisions and the recognition of international arbitration awards. Third, stabilisation of the security situation. German companies that establish a market presence through low-capital activities over the coming years will be positioned to accelerate their commitments as these indicators improve, allowing them to combine the advantage of early market entry with lower systemic risk.

The Syrian-German community represents a pool of bilingual and bicultural professionals with relevant technical expertise, business networks spanning both countries, and a personal interest in Syria's reconstruction. German companies seeking to enter the Syrian market should actively identify and recruit Syrian-German professionals to serve as country managers, joint-venture partners or senior technical staff.

The circular-migration framework being developed within German-Syrian bilateral discussions could provide formal institutional support for this approach.

6.3 Final Assessment

Syria's reconstruction represents one of the largest and most complex market opportunities available to German companies in the broader Middle East and North Africa region over the coming decade. The combination of a US$216 billion reconstruction bill, a transitional government actively seeking to attract international investment, an existing German trading relationship of significant scale and depth, and an institutional framework for bilateral public-sector cooperation through BMZ and KfW, creates conditions that are qualitatively different from the exclusionary environment that prevailed during the previous decade.

The country's historical, geographical and demographic characteristics - including a young population, established industrial traditions, proximity to major markets, and a large and educated diaspora - also provide the human and material foundations for economic recovery, provided that reconstruction proceeds in an inclusive manner and is supported by strong institutions.

At the same time, the risks documented in this analysis cannot be underestimated. Political fragility, dysfunction in the banking sector, complex compliance requirements, varying security conditions, and the continued gap between formal legal frameworks and actual institutional practice all mean that Syria is not a market suited to inexperienced risk-takers or companies without sufficient financial reserves to absorb delays and losses. Rather, it is a market for strategic investors: companies with patient capital, strong compliance capabilities, relevant technologies, a willingness to assume risk, and an ability to accept current conditions as the cost of securing an early position in a market that could develop into a regionally significant economy over the course of this decade.

Germany occupies a uniquely advantageous position within this landscape. The historical relationship, bilateral institutional infrastructure, human capital represented by the diaspora, and the alignment between the quality and technology of German products and Syria's needs all make German companies natural partners in Syria's reconstruction process.

Visit our website:
syria-report.com

Subscribe to our services:
subscriptions@syria-report.com