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# ‘US sanctions remain the biggest obstacle’

## Jihad Yazigi on the partial lifting of EU sanctions, the remaining US sanctions, and the impact on Syria’s economy and reconstruction efforts

**Western sanctions against Syria were initially imposed to target the Assad regime. Why are they still in place today?**

Sanctions were indeed imposed to target the Assad regime, but in a specific context: Bashar al-Assad’s violent repression of peaceful Syrians demanding political change. However, the context changed dramatically — the protests escalated into a complex civil war and a regional conflict involving proxy wars, radical Islamist groups and chemical weapons attacks. Often, when sanctions are imposed on countries in specific political situations, they tend to take on a life of their own and become disconnected from their original intent. A typical example is the case of Sudan, where sanctions were initially imposed due to exactions committed by the Bashir regime against its population. In the end, they were only lifted after Sudan normalised diplomatic relations with Israel. This is to highlight that sanctions very often can be lifted – or kept in place – for reasons unrelated to those for which they were originally imposed.

**What has been the impact of sanctions on Syria, and how would you assess their current impact on the country’s economy after the downfall of Assad?**

Sanctions never have a neutral effect on the economy. Generally, the impact of sanctions – as portrayed in Western media and by Western politicians – is often exaggerated. In the West, we have the sentiment that what we do – or what we don’t do – is extremely important, but this is an overestimation of our impact on other countries.

In any case, however, we should not downplay their consequences. The main impact today lies in Syria’s isolation from international financial and trade systems. It remains extremely difficult – if not

impossible – for Syrian businesses and institutions to conduct transactions with the outside world. And if you can't pay or receive payments, trade becomes impossible. Despite this, most goods can still be found in Syria. But it's nearly impossible to attract serious investors under these conditions. This severely affects the economy and will continue to weigh heavily on reconstruction. That's the most significant and lasting consequence until sanctions are lifted.

**Sanctions are often cited as the main obstacle to reconstruction in Syria. How do you assess the approach of the EU and other international actors in balancing sanctions enforcement with the need for humanitarian aid and post-war recovery?**

The partial relaxation of EU sanctions, as well as those from the UK and Switzerland, is a positive development, but we should not overstate its impact. The single most important obstacle remains US sanctions, in particular the ban on the American financial system from engaging with Syrian banks. This effectively prevents the international banking sector from dealing with Syria because most global trade is conducted in US dollars and dollar transactions have to go through New York.

So even if the EU decides to lift certain restrictions, the situation won't fundamentally change as long as the US maintains its financial sanctions. Syria will remain largely cut off from the global financial system, making foreign trade and investment extremely difficult.

That said, EU actions can and have had some tangible effects. For instance, an EU decision to lift sanctions on infrastructure investment and on dealings with the Central Bank of Syria has created space for limited engagement. Companies like Siemens, for example, have already taken steps to repair power plants — as such projects fall within the scope of permissible infrastructure development.

Moreover, while commercial banks continue to avoid any dealings with Syria due to US restrictions and fears of secondary sanctions, some European development banks – such as Germany's KfW or the European Investment Bank (EIB) – have more flexibility. These institutions can interact directly with the Syrian Central Bank and process payments, bypassing the usual commercial channels. And they seem to be willing to do so, partly because they perceive the risk as manageable under the current EU legal framework.

As a result, the EU's decisions will enable some limited transactions to take place, so yes, they are having an impact — though not a major one. The current easing isn't enough to allow for large-scale reconstruction, which remains impossible unless the US lifts its financial sanctions. Still, some limited reconstruction will move

forward under these conditions.

**There have been other partial relaxations of EU sanctions, such as unfreezing assets for some state-owned banks. Do these adjustments have any meaningful economic impact or are they mostly symbolic?**

This move was more symbolic than substantial. The EU announced it had unfrozen the assets of four Syrian state-owned banks: the Industrial Bank, the Popular Credit Bank, the Savings Bank and the Agricultural Cooperative Bank. However, none of these banks ever held foreign assets to begin with — they weren't even allowed by the Syrian authorities to deal in foreign currencies.

In contrast, the two banks that do hold foreign assets – the Commercial Bank of Syria and the Real Estate Bank – still have their assets frozen. Even the Central Bank of Syria, while no longer entirely blacklisted, has not had its foreign assets unfrozen. So these adjustments are best described as 'half measures'. They reflect some willingness to engage, but in economic terms their impact is limited. The core financial restrictions remain firmly in place.

**The United States has recently signalled that it does not have a clear Syria policy, with its actions largely shaped by regional dynamics. What does this mean for the future of sanctions?**

At this point, it's unclear what the US intends to do regarding Syria, but current signals suggest that sanctions will remain in place for the foreseeable future. It's safer to assume that Washington is not preparing to lift them any time soon.

Some of Donald Trump's close allies, such as Saudi Crown Prince Mohammed bin Salman and Turkish President Erdoğan, might favour easing sanctions, while others – like Benjamin Netanyahu – are likely to support keeping them in place. But regardless of internal or regional influence, the prevailing stance seems to be to maintain the status quo.

This has major implications: no country, including the Gulf states, is willing to risk significant investments in Syria while US financial sanctions are in place. Even Qatar, traditionally a strong backer of the Syrian opposition, has become cautious after facing backlash for supporting groups like Hamas — designated as a terrorist organisation by the US. It's unlikely that Qatar would risk similar criticism by supporting entities linked to Hayat Tahrir al-Sham (HTS), which is also on the US terror list.

So, for the time being, financial flows are likely to continue only through international institutions like the UN and mainly funded by

the EU. But even this approach has its limits, as it is unclear how long the EU is willing to continue funding Syria, knowing that the Gulf states have shown little appetite for channelling funds through pooled mechanisms such as the UN.

Overall, there may be some economic improvement in Syria, but the extent of this will depend entirely on whether US sanctions are lifted. If they are, large-scale reconstruction will become possible. If not, any recovery will remain limited and slow. That's the central dividing line.

For European and German policymakers, the challenge is to support recovery and humanitarian efforts without undermining political pressure. Targeted action – such as enabling secure payment channels and focusing on essential infrastructure – can offer practical ways forward within the current constraints. Ultimately, without broader political movement, especially from the US, Syria's economic isolation will continue and reconstruction will remain piecemeal at best.

*This interview was conducted by Hussam Baravi.*

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