



Syrian Investments in Türkiye: Between Waiting and Returning

Deferred Opportunities for Economic Recovery



Syrian Investments in Türkiye: Between Waiting and Returning

A Deferred Chance for Economic Revival

2026

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The Syrian Dialogue Center (SDC)

A Syrian civil institution established in 2015. It aims to revive and empower dialogue over the issues that affect the Syrian people. It aims to strengthen relations and empower cooperation and coordination between Syrians.



The Syrian Businessmen Association (Suriad)

A non-profit organization established in 2019. It aims to establish a communication platform and cooperation among Syrian businessmen to provide the best services to association members. It also aims to enhance cooperation and economic development between the two countries, Syria and Turkey.

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Executive Summary

This paper addresses the orientations of Syrian businessmen in Türkiye during the transitional phase that followed the fall of the Assad regime, considering them as one of the key economic actors capable of influencing the course of Syria's economic recovery. The paper proceeds from the assumption that the orientations of these actors are primarily linked to the conditions of economic recovery inside Syria and to the investment environment in Türkiye. These orientations are associated with various considerations, including governance, competition, risk, and disparities between the institutional environments of Syria and Türkiye, in addition to political and economic transformations in both countries.

The number of licensed Syrian companies in the past year is estimated at 15,437, placing them at the forefront among foreign investors in the leather industries, garment manufacturing, retail trade, automotive trade, and wholesale sectors, in addition to real estate, construction, furniture, tourism, and services. These companies are also known for their strong openness to export activities. However, the investment environment in Türkiye still faces many legal and bureaucratic challenges, and Syrian investors face clear obstacles in targeting Turkish customers due to many restrictions and cultural differences. On the other hand, many of these investors have started opening new branches of their businesses in Syria with the intention of exploring the market and preparing for the next stage.

The findings further indicate that the first year following liberation did not witness a structured economic recovery in Syria. Instead, economic activity continued to operate within the framework of an "Adaptation Economy," characterized by reliance on local markets, small-scale enterprises, and short supply chains, in the absence of meaningful productive expansion or substantial new investment. This reality reflects a clear gap between the increase in administrative activity, represented by the registration and licensing of new companies and projects, and actual implementation and the entry of these projects into operation. This indicates a state of investor anticipation, as investors await improvements in the investment environment and the resolution of structural issues related to laws, the judiciary, the banking sector, and infrastructure, particularly electricity, water, and transport.

In this context, the behavior of Syrian businessmen in Türkiye reflects a broad orientation toward adopting a dual economic model, based on maintaining a core operational base in Türkiye alongside limited and selective engagement in the Syrian market. This marks a clear shift from their initial perceptions, which had aimed to make Syria the primary operational base. The drivers and motivations shaping the orientations of businessmen in Türkiye continue to stem from national attachment and a desire to contribute to recovery; however, they are also governed by a rational assessment of risk levels and uncertainty. Türkiye,

despite the relative regulatory stability it provides, is experiencing increasing economic and political pressures, which reduce its medium-term investment attractiveness. This prompts Syrian investors to reallocate their activities rather than take a decisive decision to return or withdraw.

The Syrian arena offers promising investment opportunities in an unsaturated but high-risk market. The analysis identifies immediate opportunities in areas such as training, consultancy, and capacity building; private security companies; and traditional industries, in addition to intermediary roles with foreign companies, the provision of logistics services, and subcontracting. The shift toward joint-stock companies and limited liability companies may also open opportunities for Syrian firms to compete in large-scale projects, such as real estate investments and infrastructure reconstruction.

The paper demonstrates that the sectors most attractive for partial return are construction and trade, light manufacturing, and supply-chain–related services, while long-term, capital-intensive investments remain extremely limited. The findings also point to a gradual erosion of profit margins in Türkiye, alongside the absence of sufficient incentives for a full relocation to Syria. This reinforces a prolonged “wait-and-see” stance and delays decisions related to expansion or return.

At the governmental level, the results indicate that the Syrian government has not yet succeeded in offering a clear institutional framework to the private sector, capable of transforming Syrian capital abroad into a strategic partner in the recovery process. The lack of a comprehensive economic vision, fragmented decision-making, weak implementation capacity, in addition to an inflated legal and bureaucratic system and a fragile banking sector, all constrain the state’s ability to regulate markets and expand the tax and investment base. Conversely, the Turkish government continues to derive economic benefits from the persistence of Syrian business activity. However, these benefits are gradually turning into a political and social liability in the absence of a clear time horizon, placing Türkiye before the challenge of managing a transition rather than sustaining a policy of permanent containment.

Based on these dynamics, the paper develops three potential scenarios for the trajectory of Syrian businessmen over the next five years. The first scenario is “Fragile Continuity,” whereby the status quo persists: investors neither exit Türkiye nor return to Syria, and the Syrian economy continues to operate without an organized recovery. Over the medium term, this results in a silent erosion of national capital and a decline in incentives to return to Syria, particularly among the second generation of investors. The second scenario, “Selective Recovery,” assumes partial and uneven improvements in governance and infrastructure that allow for a limited and orderly return of certain productive investments in specific regions and sectors, without a comprehensive shift. This scenario remains the most plausible in the short

term, given the first-year dynamics; however, it entails the risk of entrenching economic disparities if not complemented by broader reforms.

The third scenario, “Organized Breakthrough and Productive Return,” represents the only pathway capable of breaking the logic of erosion, yet it is simultaneously the most politically and administratively demanding, requiring substantial effort and technical capacity. This scenario is predicated on offering a clear institutional compact with the private sector and diaspora investors, encompassing core regulatory reforms, the reactivation of the banking sector, and sustained improvements in infrastructure. These measures would enable an orderly and gradual reallocation of Syrian capital toward long-term productive investments. Five years after the realization of this scenario, the Syrian economy could transition from an adaptation economy to a trajectory of structured recovery, in which the state restores its regulatory role, investors reclaim their position as productive actors, and Türkiye evolves into a cross-border economic partner rather than a permanent base for Syrian economic activity.

The paper concludes that the involvement of Syrian businessmen after liberation cannot be taken for granted; it is shaped by the delicate balance between institutional frameworks, policy direction, and individual risk evaluations. Any economic recovery strategy that depends exclusively on patriotic incentives or overlooks risk management will yield limited results and will not be sustainable. Accordingly, the paper recommends treating Syrian capital as a strategic partner in the recovery process, and implementing clear and predictable reforms within a limited time window before temporary adaptation measures become entrenched and difficult to reverse. The paper also presents a set of recommendations directed at the Turkish government to improve the environment for foreign investment and its operations, as well as additional recommendations for Syrian businessmen in Türkiye—whether they intend to remain in Türkiye or to relocate to Syria fully or partially.

Introduction:

The Assad regime was toppled at the end of 2024. During the first year after liberation, approximately 1.3 million Syrian refugees returned to their country, and about 2 million internally displaced persons returned to their areas. This constitutes a positive indicator, according to statements by the Representative of the UN High Commissioner for Refugees in Syria, who considered that Syria has entered a complex transitional process requiring an extended period and coordinated, sustainable international support, noting that “recovery will not be immediate due to the economic devastation caused by years of war.”¹

The return of internally displaced persons and refugees constitutes a vital driver of economic recovery. Many returnees bring with them business activities and entrepreneurial projects, which stimulate and expand supply chains, connect domestic output to new regional or international partners, and create additional trade and distribution routes. These returnees also bring technical expertise, know-how, and financial resources accumulated during their time abroad, thereby facilitating the flow of human and financial capital and injecting innovation into local industries².

Although the Syrian refugee situation is often viewed through the lens of vulnerability, humanitarian need, and low-cost labor, it is essential to focus on Syrian investments that have succeeded in host countries, especially within the regional context, as they are expected to contribute to the economic recovery process and stimulate production. Estimates indicate that Syrian businessmen’s investments in Türkiye have exceeded \$10 billion³, with their number of companies in Türkiye in 2025 exceeding 15,000⁴. Meanwhile, their counterparts in Jordan operate 4,100 companies with investments exceeding \$310 million, and in Saudi Arabia their investment stock in 2023 amounted to approximately \$2.24 billion. In Egypt, they operate 15,000 companies with investment value approaching \$1 billion⁵.

Within the framework of the research track led by the Syrian Dialogue Center to monitor the Syrian presence in Türkiye⁶ since 2018, the Center’s Community Unit published a report entitled “The

¹ [The UN Refugee Agency \(UNHCR\) expects the return of one million Syrians in 2026](#). Al Jazeera Net, published on 21/12/2025.

² How to Jumpstart Economic Recovery in Syria? The Role of Syrian Entrepreneurs in Türkiye
Sak, G. and Ergezer, E.B. (2025) How to Jumpstart Economic Recovery in Syria? The Role of Syrian Entrepreneurs in Türkiye Ifri Papers. Paris: French Institute of International Relations (Ifri). November. Available at:
<https://www.ifri.org/en/papers/how-jumpstart-economic-recovery-syria-role-syrian-entrepreneurs-turkey>

³ [How does the return of Syrian refugees affect Türkiye’s economy?](#) Al Jazeera Net, published on 11/12/2024

⁴ [The contribution of Syrian businessmen to the Turkish economy](#), Syrian Dialogue Center, published on 20/1/2025

⁵ [The growth of foreign investment and the absence of Syrian capital](#), Al-Araby Al-Jadeed, published on 13/1/2026

⁶ The Syrian Dialogue Center has produced a wide range of publications examining the [trajectory of the Syrian presence in Türkiye](#), addressing issues related to integration, education, youth, the escalation of hate speech, and the repercussions of the 2023 earthquake. It has also placed particular

Contribution of Syrian Businessmen to the Turkish Economy". The report was prepared in the months preceding the collapse of the Assad regime and revealed that the majority of surveyed Syrian businessmen perceived Türkiye as no longer a conducive investment environment. This perception was attributed to the financial crisis and high inflation, incitement and racist discourse, bureaucratic impediments, legal uncertainty affecting foreign investors, and restrictions on movement and mobility. The findings showed that 45% of respondents intended to open a branch of their business outside Türkiye, compared to 15% who expressed an intention to remain in Türkiye, while 23% remained undecided⁷.

More than a year after these views were recorded—and against the backdrop of profound political, security, economic, and social transformations in Syria—and in continuation of the same research trajectory documenting the situation of Syrians in Türkiye, it became necessary to reassess the trajectory of this key group. This group is expected to play leading roles in political, diplomatic, and economic spheres in both Syria and Türkiye. Accordingly, it is essential to examine the changes in their orientations and business pathways following this major transformation in their country, particularly given the limited number of studies and reports focusing on them.

This paper aims to answer the following questions:

- 1- What are the prevailing orientations of Syrian businessmen in Türkiye with regard to the future of their business activities and commercial investments?
- 2- What are the key determinants influencing these orientations and enabling them to take informed and evidence-based decisions?
- 3- What policy recommendations should be directed to decision-makers to enable this group to play an effective and influential role in their respective locations?

This paper was produced through a partnership between the Syrian Dialogue Center and the The Syrian Businessmen Association in Türkiye (Suriad) , under the patronage of the Office of the United Nations High Commissioner for Refugees (UNHCR) in Istanbul. The paper is based on desk research, including an analysis of a set of government reports published on official Turkish and Syrian government websites, in addition to a mixed-methods methodology. This methodology draws on the analysis of the outputs of three focused workshops conducted in accordance with the Chatham House Rule⁸, bringing together

emphasis on the economic dimension, analyzing the [conditions of Syrian labor](#), the [economic impacts of Syrian migration](#), and the [contribution of Syrian businessmen to the Turkish economy](#).

⁷ The Contribution of Syrian Businessmen to the Turkish Economy, previously cited.

⁸ The [Chatham House](#) Rule refers to the principle under which participants are free to use the information received, provided that neither the identity nor the affiliation of the speakers, nor that of any other participants, is disclosed.

approximately 80 Syrian businessmen in Istanbul, alongside economic experts, specialists in Syrian affairs, marketing professionals, and Turkish legal experts. The paper also analyzes the results of a survey involving 42 businessmen and business owners in Istanbul⁹.

This paper explores, in its first section, the economic roles played by diaspora communities in post-conflict contexts. The second section focuses on Syrian business actors in Türkiye, examining their positionality and functional roles, the effects of their business experience in the Turkish market, the constraints they encounter, and the patterns of investment orientation likely to shape their future economic engagement. The third section analyzes the state of economic activity in Syria during the first year following liberation, identifying key obstacles impeding return and durable stabilization. The fourth section outlines the prospective roles of Syrian businessmen in the future. The fifth section assesses a range of potential economic scenarios and their implications for the decision-making processes of this group. The paper concludes with a synthesis of findings and a set of policy-relevant recommendations.

I. The economic roles of the diaspora in post-conflict phases:

Armed conflicts cause extensive damage to economies and physical infrastructure; however, economic activity does not disappear. Instead, it continues in fragmented and localized forms within fragile and weakly regulated environments. This activity is largely centered on small and medium-sized enterprises, marked by short and informal supply chains, and accompanied by the emergence of new economic actors and networks that often depend on power imbalances and coercive practices. In post-conflict contexts, economic recovery is intrinsically linked to addressing the structural foundations of market functioning, foremost among them the rehabilitation of core infrastructure and the redefinition of the state's role as a regulator and facilitator of economic activity. However, short-term, donor-driven interventions that prioritize stand-alone projects disconnected from local economic systems often yield limited and unsustainable outcomes. Such approaches tend to entrench post-conflict economies in prolonged aid dependency, rather than enabling a cumulative, coordinated, and sustainable recovery¹⁰.

Conversely, conflicts trigger large-scale migration, often perceived as a driver of high-skilled brain drain. Yet, migration literature has increasingly reframed this phenomenon as a process of cross-border "brain

⁹ The three focus group discussions were conducted in Istanbul between November 2025 and January 2026, and data were collected during the same time frame.

¹⁰ Private sector development in post-conflict countries: A review of current literature and practice
GSDRC (nd) *Private sector development in post-conflict countries: A review of current literature and practice*. Birmingham: Governance and Social Development Resource Centre (GSDRC). Available at: <https://gsdrc.org/document-library/private-sector-development-in-post-conflict-countries-a-review-of-current-literature-and-practice/>

circulation.” Such movements stimulate reciprocal flows of knowledge, capital, investment, and new networks of relationships. Migrants frequently maintain active economic and investment linkages with their countries of origin, even without full return or comprehensive political stabilization. Operating within a dual space that bridges host and origin countries, they emerge as entrepreneurial actors who establish firms, create employment, and reshape cross-border value chains¹¹.

In post-conflict contexts, diaspora communities embody three interlinked forms of capital simultaneously: economic capital, encompassing liquidity, investment capacity, and risk-management expertise; human capital, comprising professional, managerial, and legal skills acquired in stable environments—skills often scarce in the country of origin after conflict due to emigration and institutional destruction; and social capital, represented by networks and linkages with markets, donors, and international institutions¹².

The developmental impact of skilled migration and diaspora engagement depends not on the scale of migration, but on the quality of the institutional framework and public policies in the country of origin. In weak institutional environments, skilled emigration can result in a net loss of human capital, whereas in more stable contexts, it can serve as a catalyst for investment, knowledge transfer, and the strengthening of economic linkages. However, maximizing the benefits of diaspora engagement requires the rule of law, protection of property rights, policy stability, and reduced uncertainty, alongside functioning markets and education and regulatory systems capable of absorbing transferred knowledge and productively channeling investment¹³.

In this regard, studies on entrepreneurship in post-conflict settings underscore that the institutional context constitutes the single most critical determinant of future investment patterns and the behavior of economic actors. The mere existence of formal legislation is insufficient in the absence of effective enforcement mechanisms and institutional trust. Research indicates that weak rule of law and unstable regulatory frameworks prompt entrepreneurs to avoid long-term commitments and rely on informal networks. This constrains the scalability of enterprises and confines economic activity to narrow, short-term engagements.

¹¹ Brain Circulation: How High-Skill Immigration Makes Everyone Better Off

Saxenian (2002) – Brain Circulation: How High-Skill Immigration Makes Everyone Better Off. Washington, DC: Brookings Institution. Available at: <https://www.brookings.edu/articles/brain-circulation-how-high-skill-immigration-makes-everyone-better-off/>

¹² Diaspora Engagement and Human Capital: Peace building and Post-Crisis Recovery

Bezvershenko, L. and Hincu, D. (2025) Diaspora Engagement and Human Capital: Peacebuilding and Post-Crisis Recovery. Brussels: International Centre for Migration Policy Development (ICMPD) / European Union Global Diaspora Facility (EUDiF). <https://diasporaforddevelopment.eu/library/diaspora-engagement-in-peacebuilding-and-post-crisis-recovery/>

¹³ Globalization, brain drain, and development

Docquier, F. and Rapoport, H. (2012) 'Globalization, brain drain, and development', *Journal of Economic Literature*, 50(3), pp. 681–730. <https://www.jstor.org/stable/23270475>

Moreover, institutional vacuums can give rise to unproductive, or even destructive, forms of entrepreneurship that exploit the absence of regulation without contributing to sustainable economic recovery¹⁴.

Despite the important roles played by diaspora entrepreneurs, their contribution to their home countries remains conditional on a minimum level of institutional trust and regulatory stability. National or symbolic motivations alone cannot compensate for weak governance or the absence of the rule of law. Similarly, diaspora engagement cannot be relied upon in contexts of institutional voids, as it is likely to produce limited or unsustainable impacts on economic recovery and peace building¹⁵.

The accumulation of new business activity and its engagement in the market plays a pivotal role in shaping comprehensive strategies that underpin post-conflict economic recovery. It is essential to balance strategic planning, institution-building, and the restoration of economic activity, as these processes must advance in tandem. It should be noted that large-scale reconstruction initiatives, while capable of rehabilitating physical infrastructure, often fail to generate sustainable local economic institutions. Such projects tend to marginalize domestic actors and anchor the economy in aid dependency rather than market-driven dynamics¹⁶.

On the other hand, the diaspora's contribution to post-conflict economic recovery is inherently time-sensitive¹⁷. The immediate post-conflict period offers a brief window in which emotional attachment and risk tolerance are at their peak. Delays in institutional reforms and persistent uncertainty, however, gradually reduce diaspora engagement to limited financial transfers or near-complete withdrawal. This poses a particular risk for the second generation, which is more skilled but less connected to the homeland and more sensitive to weak legal and institutional frameworks¹⁸.

¹⁴ Entrepreneurship in post-conflict countries: a literature review.

Moritz, A., Block, J.H. and Morina, F. (2023) 'Entrepreneurship in post-conflict countries: a literature review', *Review of Managerial Science*, 18(10), pp. 3025–3083. <https://doi.org/10.1007/s11846-023-00705-1>

¹⁵ Entrepreneurship in Post-Conflict Countries: A Literature Review, previously cited.

¹⁶ Expeditionary Economics: Spurring growth after conflicts and disasters

Schramm, C.J. (2010) 'Expeditionary economics: Spurring growth after conflicts and disasters', *Foreign Affairs*, 89(3), pp. 89–99. Available at: <https://www.jstor.org/stable/25680918>

¹⁷ Diaspora refers to individuals born in the country of origin who currently reside, either permanently or temporarily, in a host country.

World Bank, 2016: Mobilizing the Middle East and North Africa diaspora for economic integration and entrepreneurship. Washington, DC: World Bank.) Available at:

<https://documents1.worldbank.org/curated/en/251661484064811210/pdf/111806-REVISED-PULIC-4530-MENADiasporaPaper-March29-5pm.pdf>

¹⁸ Moving beyond financial remittances: the evolution of diaspora policy in post-conflict economies

The return of qualified diaspora professionals is neither automatic nor widespread; it is a selective, incremental, and conditional process. Decisions to return are shaped by factors beyond national affiliation, political stability, governance quality, and legal clarity, including the ability to exercise professional competence effectively and to exert meaningful influence. Their reintegration may also provoke tensions with local elites and resistance within institutions, underscoring the need for deliberate management of institutional change and the establishment of clear frameworks for employment and role allocation¹⁹.

In post-conflict phases, the diaspora plays an active role bridging domestic and international spheres. It combines its position as part of the national community, carrying the language, identity, and memory of the conflict, with that of an external actor who has lived in a stable legal and institutional environment. This experience enables the diaspora to transfer modern standards such as transparency, accountability, and legal compliance; to articulate domestic demands in internationally comprehensible terms; to reduce the trust gap between domestic actors and cautious international institutions; to establish initial lines of communication with donors; and to assist transitional governments in enhancing their external image²⁰.

The roles of the diaspora extend well beyond the economic sphere. They are pivotal in fostering positive peace through mediation, trust-building, countering hate speech, and re-framing narratives toward the future rather than revenge. The diaspora also exerts influence on transitional justice processes, supporting initiatives of truth, accountability, and institutional reform. Additionally, it can act as a buffer against state fragility during transitional periods, compensating for limited administrative capacity, resource shortages, and weak legitimacy. Diaspora actors are capable of financing rapid operational projects, supporting municipalities and local authorities when central governments are unable to do so, and temporarily filling gaps in service delivery and sector management. When their engagement is institutionally organized and strategically guided, the diaspora serves as a stabilizing force, mitigating shocks, preventing institutional collapse, and reinforcing both economic recovery and peace-building efforts²¹.

Williams, N. (2020) 'Moving beyond financial remittances: the evolution of diaspora policy in post-conflict economies', *International Small Business Journal*, 38(1), pp. 41–62. Available at: <https://doi.org/10.1177/0266242619878064>

¹⁹ The return of qualified diaspora members and their role in rebuilding post-conflict governance

Sánchez-Villa, S. (2011) *In or outsiders? The return of qualified diaspora members and their role in rebuilding post-conflict governance*. Brussels Journal. Available at: <https://research.kent.ac.uk/brusselsjournal/2011/02/10/in-or-outsiders-the-return-of-qualified-diaspora-members-and-their-role-in-rebuildingpost-conflict-governance-by-sylvia-sanchez-villa/>

²⁰ Diaspora Engagement and Human Capital: Peacebuilding and Post-Crisis Recovery, previously cited.

²¹ Previously cited reference

II. Syrian Businessmen in Türkiye, Position and Role

The year 2025 brought significant changes for Syrians both within the country and abroad, particularly for those residing in Türkiye. Many revised their future plans in response to shifts in the political landscape, the removal of security threats, a marked reduction in military operations, and intensified political activity that granted the new government international recognition, culminating in the lifting of economic sanctions on Syria, most notably the Caesar Act²².

Regarding Syrian businessmen in Türkiye in 2025, data from Ministry of Industry and Technology indicate that by mid-2025, the total number of licensed foreign-owned companies in Türkiye reached approximately 86,926, reflecting an increase of 3,384 companies compared to the previous year (see Figure 1). Syrian companies ranked first among foreign enterprises, with 15,437 licensed firms, accounting for 17.8% of all foreign companies and representing a net increase of 431 new firms. They were followed by German companies at 9.8% and Iranian companies at 8.8%²³.

²² The European Union Council has lifted most or all restrictive economic measures imposed on Syria, with the exception of those related to security. Likewise, the Swiss Federal Council removed economic sanctions, including restrictions on financial services, trade in precious metals and luxury goods, and unfroze assets of 24 Syrian economic entities, including the Central Bank. In early June 2025, the U.S. Department of the Treasury issued General License 25 (GL 25), authorizing transactions that were previously prohibited under U.S. Syrian sanctions regulations and lifting freezes on property and assets that had been blocked under the Syrian sanctions law. At the end of the year, the U.S. Congress effectively repealed the "Caesar Act" through the National Defense Authorization Act for Fiscal Year 2026. Between March and April 2025, the United Kingdom lifted sanctions on Syrian economic entities, including the Central Bank, as well as energy and transportation companies.

From Isolation to Integration: Lifting Sanctions on Syria and the Global Rise of Syrian Expertise and Market Potential, publication date

Council of the European Union (2025) Syria: EU adopts legal acts to lift economic sanctions following political transition. Available at: <https://www.consilium.europa.eu/en/press/press-releases/2025/05/28/syria-eu-adopts-legal-acts-to-lift-economic-sanctions-on-syria-enacting-recent-political-agreement/>

White & Case LLP (2025) *Status update: EU and UK easing sanctions on Syria.* Available at: <https://www.whitecase.com/insight-alert/status-update-eu-and-uk-easing-sanctions-syria>

Swiss Federal Council (2025) *Federal Council lifts economic sanctions on Syria.* Available at: https://www.news.admin.ch/en/newsb/1aYrkRP-T0h_iNp_6PUeM

U.S. Department of the Treasury – Office of Foreign Assets Control (OFAC) (2025) *Syria sanctions: General licenses and archived sanctions program.* Available at: <https://ofac.treasury.gov/sanctions-programs-and-country-information/syria-sanctions-inactive-and-archived>

Reuters (2025) *Britain removes sanctions on Syria's president and interior minister.* Available at: <https://www.reuters.com/world/middle-east/britain-removes-sanctions-syrias-president-interior-minister-2025-11-07/>

²³ Periodic reports entitled "List of Foreign-Capital Companies", issued by the Ministry of Industry and Technology for the periods ending June 30, 2023; June 30, 2024; and June 30, 2025.

TARİHİ İTİBARIYLA TÜRKİYE'DE FAALİYETTE BULUNAN YABANCI SERMAYELİ FİRMALAR LİSTESİ, T.C. Sanayi ve Teknoloji Bakanlığı

31.06.2025 TARİHİ İTİBARIYLA TÜRKİYE'DE FAALİYETTE BULUNAN YABANCI SERMAYELİ FİRMALAR LİSTESİ, T.C. Sanayi ve Teknoloji Bakanlığı

30/06/2025 TARİHİ İTİBARIYLA TÜRKİYE'DE FAALİYETTE BULUNAN YABANCI SERMAYELİ FİRMALAR LİSTESİ, T.C. Sanayi ve Teknoloji Bakanlığı

<https://www.sanayi.gov.tr/merkez-birimi/14a09761d390/diger/b81094>

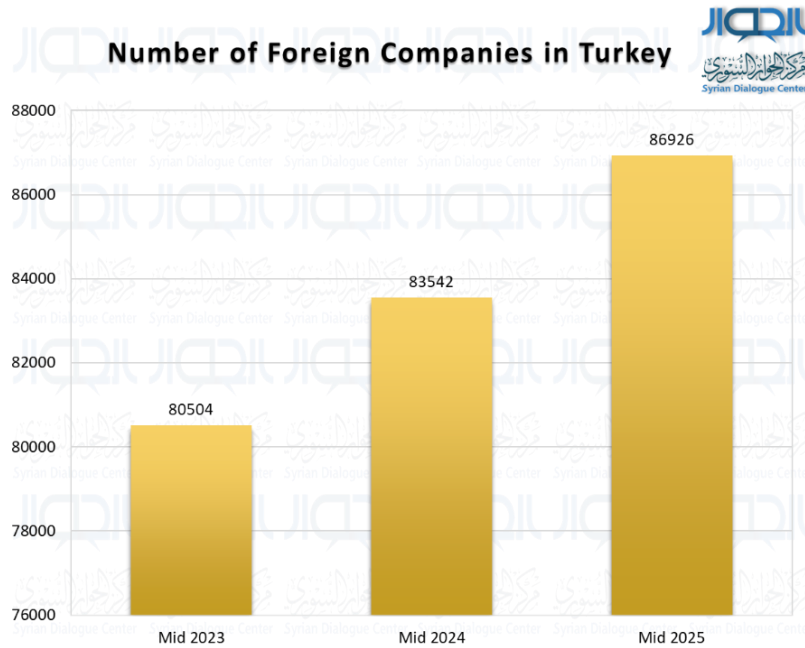
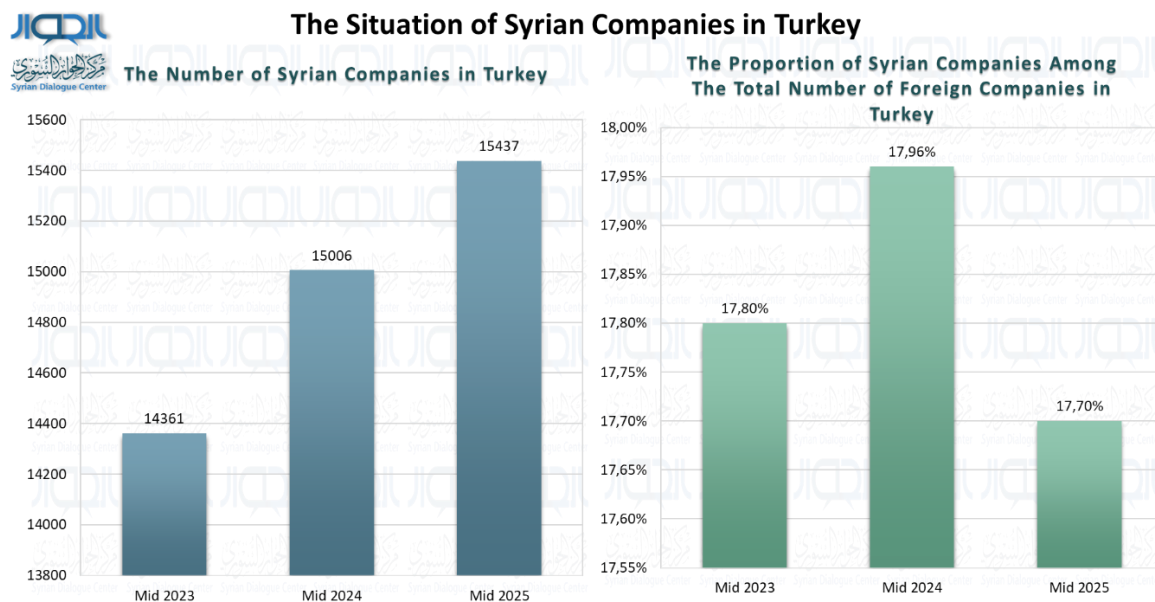


Figure 1: Number of Foreign Companies in Türkiye

Despite the political changes in Syria and the collapse of the former Assad regime, Turkish markets continue to attract Syrian investors seeking to establish new companies, despite prevailing economic challenges. Although detailed data on these new companies remain limited, this trend can be understood as part of investors' efforts to prepare for the forthcoming phase in Syria, particularly reconstruction initiatives²⁴ (see Figure 2).



²⁴ Previously cited reference

Figure 2: Status of Syrian Companies in Türkiye, 2023–2025

A comparison of the Ministry of Industry and Technology data with the TEPAV study, published in late 2025 in partnership with the French Institute of International Relations (IFRI), shows that the Ministry's figures account only for fully Syrian-owned companies and do not include joint Syrian-Turkish ventures or companies owned by naturalized Syrians. According to the latest study, by early 2025, the total number of registered Syrian companies in Türkiye was approximately 34,210, of which 12,635 were fully Syrian-owned (37%). Around 12% of these fully Syrian-owned companies had exited the market in previous years, while 30,135 companies remained active, including 5,123 operating in the manufacturing sector (see Figure 3).²⁵

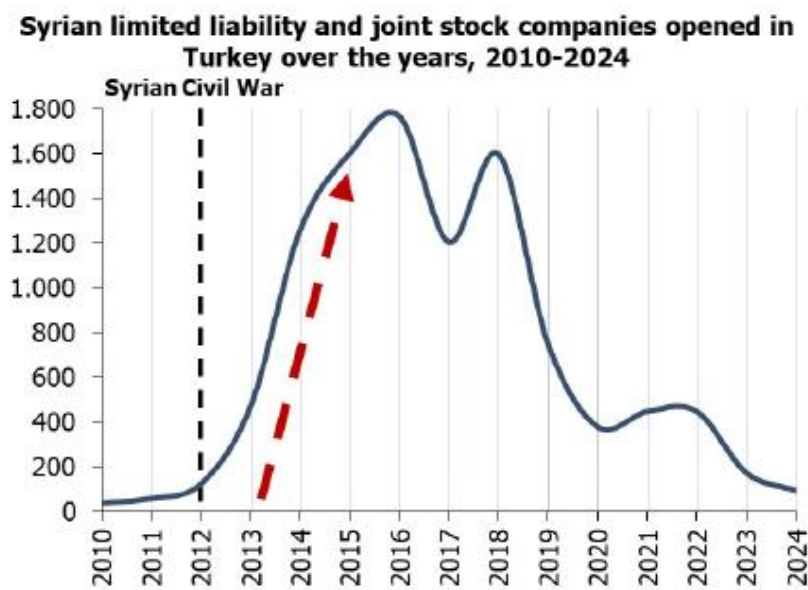


Figure 3: Syrian Limited Liability and Joint-Stock Companies Established in Türkiye, 2010–2024

Examining the sectors in which Syrian companies operate, it is evident that they continue to lead the leather industry sector, accounting for 35.16% of all foreign companies in this field, although this represents a slight

²⁵ This study was conducted in collaboration with the Economic Policy Research Foundation of Türkiye (TEPAV) and relied on field data collected in the southern border provinces concerning the orientations of Syrian and Turkish companies. The sample comprised 416 companies, 207 Turkish and 209 Syrian, surveyed between March and April. The study was published at the end of 2025

Source: How to Jumpstart Economic Recovery in Syria? The Role of Syrian Entrepreneurs in Türkiye

Sak, G. and Ergezer, E.B. (2025) How to Jumpstart Economic Recovery in Syria? The Role of Syrian Entrepreneurs in Türkiye Ifri Papers. Paris: French Institute of International Relations (Ifri). November. Available at:

<https://www.ifri.org/en/papers/how-jumpstart-economic-recovery-syria-role-syrian-entrepreneurs-turkey> ?

decline compared to the previous year. They are followed by the apparel manufacturing sector at 28.11%, retail trade at 26.9%, automotive trade at 26.7%, and wholesale trade at 21.74% (see Figure 4)²⁶.

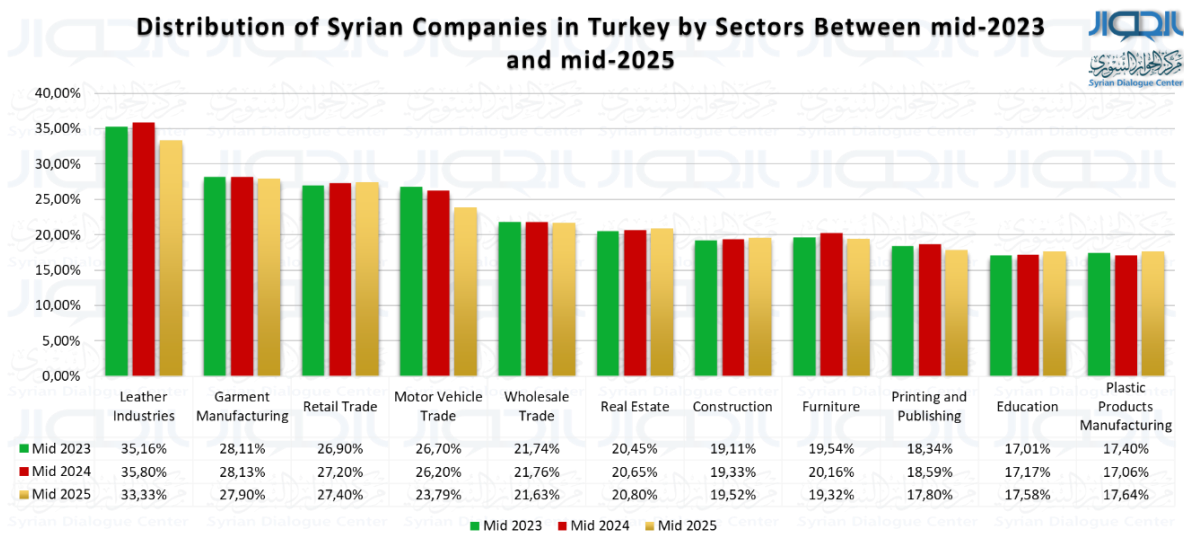


Figure 4: Distribution of Syrian Companies in Türkiye by Sector, Mid-2023 to Mid-2025

Despite operating in small-scale industrial activities such as apparel, food, textiles, and furniture, Syrian companies demonstrate substantial export capacity and exhibit a greater openness to international markets compared to their Turkish counterparts. A study by the French Institute of International Relations indicates that 55% of the surveyed Syrian companies export their products, compared with only 30% of Turkish firms. The study further shows that Syrian companies have leveraged well-established sectoral expertise and pre-existing market networks, which existed prior to the outbreak of the Syrian uprising, to significant effect during their operations in Türkiye. Notably, 75% of the companies surveyed reported having previously owned businesses and having established branches in other countries, particularly among those operating in the manufacturing sector²⁷.

The survey results further underscore the strong export orientation of Syrian businessmen in Istanbul. According to the findings, their export activities extend to Arab markets, including Gulf countries, Syria, and Egypt, as well as to European destinations and several Asian countries (Figure 5).

²⁶ Periodic reports entitled “List of Foreign-Capital Companies,” issued by Ministry of Industry and Technology, previously cited reference.

²⁷ How to Jumpstart Economic Recovery in Syria? The Role of Syrian Entrepreneurs in Türkiye, previously cited reference.

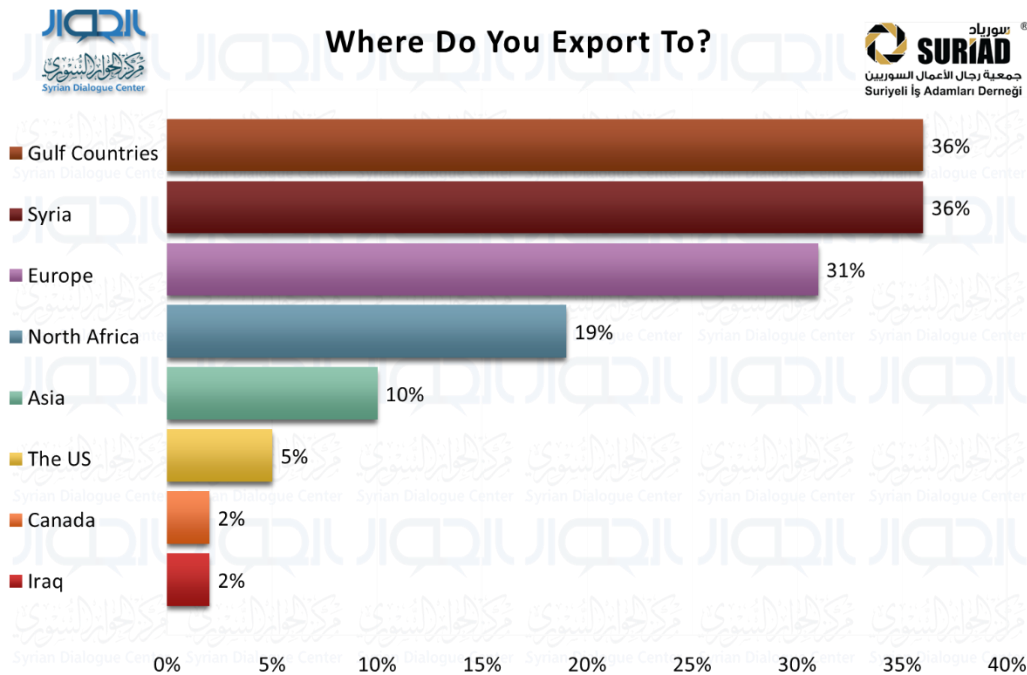


Figure 5: Export destination countries of Syrian businessmen in Istanbul (survey findings)

Thousands of Syrian companies operating in Türkiye have become an integral part of the Turkish economic fabric, while also generating significant employment opportunities for both Syrians and Turks alike. Syrian employees account for 85.6% of the total workforce in Syrian-owned companies, whereas Turkish employees constitute 14.5%. In contrast, Turkish-owned companies employ approximately 96.9% Turkish workers, while the share of Syrian employees does not exceed 3.1%.²⁸

2.1 Business Experience in Türkiye and Its Implications for Stay-or-Return Decisions

The majority of Syrian companies entered the Turkish market after 2013 and have now accumulated more than a decade of operational experience. Over this period, they have acquired new skills, refined their expertise and business models, and diversified into sectors in which they had not previously operated. Assessing this experience is therefore essential to understanding the scale of transformation these firms have undergone and the potential value they could bring to Syria in the event of return.

Findings of the focus group discussions indicate that Syrian businessmen's transition to operating in the Turkish market has significantly altered their commercial practices and ways of thinking. It fostered a

²⁸ Previously cited reference

stronger sense of discipline, sustained effort, and long-term commitment; changes that required additional exertion and, in many cases, imposed considerable pressure and fatigue on business owners.

“Business environment in Türkiye is highly demanding, time-intensive, and pressure-laden, requiring sustained effort and resilience. By comparison, operating in other countries is considerably less burdensome and does not entail the same level of strain. Moreover, the business climate, particularly in Arab countries, is generally more predictable and stable.”

Syrian investor in the construction materials sector with multiple branches abroad

The majority of Syrian businessmen who participated in the first and second focus group discussions acknowledged that they initially avoided direct entry into the Turkish market for various reasons. Instead, they opted to orient their activities toward Arab and Syrian communities in an attempt to mitigate difficulties and reduce barriers. Consequently, they focused on providing services and meeting immediate needs as dictated by prevailing circumstances and demand. This trajectory led some of them to operate as intermediaries, particularly in the real estate sector, between Arab buyers and Turkish sellers, a role that ultimately limited their opportunities to acquire and develop new skills.

Moreover, initial uncertainty surrounding legal and residency status, the treatment of Syrian presence in Türkiye as provisional, delays in institutionalizing a clear legal framework for Syrians, and the securitization of their presence collectively led to the loss of investment opportunities for Syrian investors and, in certain cases, to their exit from the market.

Syrian businessmen have established a clear footprint in the Turkish labor market, positioning themselves as entrepreneurs in specific sectors, most notably the eveningwear market in Istanbul’s Gaziosmanpaşa district, where they have competed effectively with Turkish traders and come to dominate a large share of retail outlets. Moreover, operating in Türkiye has enabled Syrian entrepreneurs to expand their commercial networks significantly, building relationships with Turkish, Arab, and international traders and importers that surpass those they previously maintained in Syria, particularly in light of their growing orientation toward export activities.

“The presence of Syrians in Türkiye has enhanced Arab investors’ confidence in the Turkish market, especially when mediated by a well-established Syrian actor with strong marketing capabilities. Following the decline of Aleppo’s traditional commercial role, Arab commercial

attention shifted toward Istanbul, creating new opportunities for engagement with the Turkish market.”

Syrian businessman working in import and export

While Syrian investors have shown strong individual skills in personal marketing and relationship-building, Turkish investors have been more effective in developing institutionalized networks and representative bodies. Although Syrian businessmen have begun to recognize this gap and take initial steps toward collective organization, their efforts remain limited and have yet to evolve into sustained political, diplomatic, or economic influence.

Survey results from a sample of Syrian businessmen in Istanbul indicate that they possess extensive commercial networks spanning Saudi Arabia, Kuwait, the United Arab Emirates, and Qatar, in addition to Egypt, Iraq, Libya, and other countries (Figure 6).

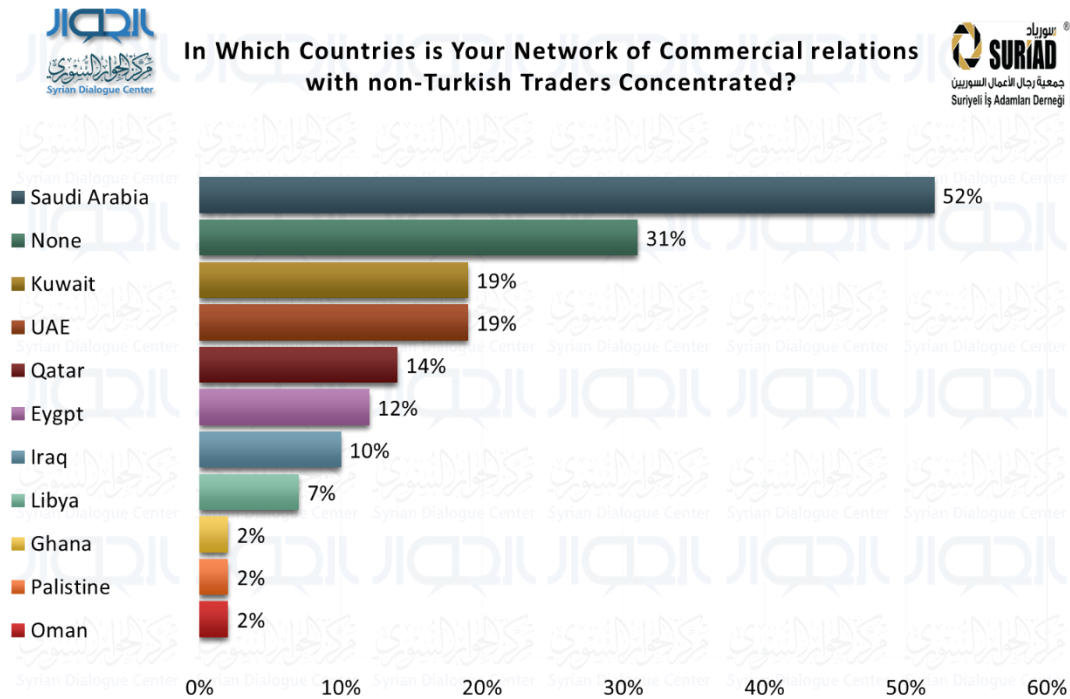


Figure 6: External Commercial Networks Beyond Türkiye (Survey Results)

Several focus group participants noted that successful entry into the Turkish market was often contingent upon a comprehensive transformation of corporate identity and public-facing representation—ranging from changing the company name to replacing front-office staff and employing Turkish nationals instead. However, such success varied significantly across sectors, as many ventures established by other Syrian businessmen failed to effectively attract Turkish consumers.

“Despite our success as real estate investors in the Turkish market, bringing in numerous clients and delivering multiple projects, we were unable to gain the trust of Turkish customers. Even Turkish companies we collaborated with did not perceive us as potential long-term partners.”

Syrian businessman working in construction and real estate marketing

2.2 Challenges of Operating in the Turkish Market

The majority of participants in the focused discussion groups indicated that they continue to face unresolved challenges, despite multiple meetings with officials, stakeholders, and repeated assurances. Survey findings highlight several priority issues deemed essential for the sustainability of Syrian-owned businesses in Türkiye, including tax incentives, structured engagement with decision-makers, regulatory reviews, and the reduction of bureaucratic burdens (Figure 7).

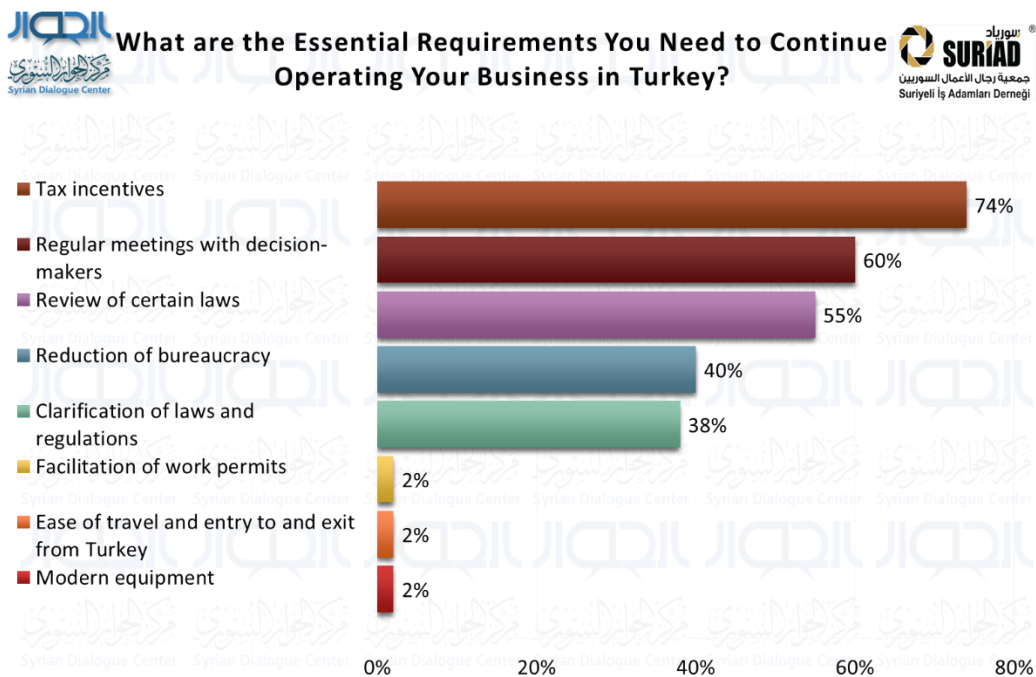


Figure 7: Key Requirements for the Continuity of Syrian-Owned Businesses in Türkiye (Survey Results)

The focus group discussions provided deeper insights into these challenges, offering detailed explanations of the structural and operational constraints affecting business performance. Among the most significant of these challenges are:

2.2.1. Legal Challenges and Regulatory Ambiguity:

In recent years, Türkiye has undergone rapid and frequent legal and regulatory changes that have impacted certain sectors and prompted some foreign investors to exit the market; particularly in real estate. Notable measures include increases in the minimum investment thresholds required for Turkish citizenship and record-high interest rate hikes. According to several focus group participants active in this sector, these developments have led many investors, including Turkish nationals, to shutter their businesses and place capital in banks to benefit from elevated interest returns.

The majority of workshop participants agreed that unresolved legal loopholes within the Turkish regulatory system continue to complicate investment activity. For example, while Turkish law does not require a self-employed business owner to obtain a work permit or to hire five Turkish employees, inspection campaigns have not consistently adhered to this provision. In one case, a workshop participant was unlawfully detained during an inspection and later released²⁹.

“One company was sold to an investor holding Canadian citizenship. A new issue then emerged, as Canadian nationals are exempt from residence permit requirements in Türkiye, which allows them to remain without obtaining a Turkish national identification number. This created significant legal complications, as the procedures were not formally recognized, numerous permits were delayed, and the new owner ultimately found that entering into a partnership with a Turkish citizen was the only viable solution.”

A Syrian businessman working in the food industry

A Turkish legal expert participating in one of the workshops highlighted that the body of investment laws and their **enforcement** have been shaped by prevailing public sentiment, which has at times been politically mobilized against the Syrian presence in Türkiye. This has led the government to tighten certain regulations through informal, unwritten directives. The expert emphasized that addressing this situation requires engaging public opinion and securing support from neutral constituencies, thereby generating political leverage that would encourage the government to revise its approach and implement facilitation measures.

2.2.2 Bureaucratic Burdens in Administrative Procedures:

Most workshop participants reported excessive bureaucracy within Turkish public institutions, which manifests as delays in processing administrative and banking transactions. Such delays undermine client

²⁹ Incidents cited by participants further reveal a gap between the formal interpretation of the law and its implementation by certain officials.

confidence, can result in deal cancellations, and impose losses solely on investors, particularly in the real estate sector. Furthermore, persistent problems with renewing residence permits and work authorizations remain unresolved³⁰. These challenges are exacerbated by the wide discretionary powers of officials, which are not effectively constrained by clear regulations or implementation guidelines³¹.

“In many instances, Turkish officials exercise broad discretionary powers that allow them to obstruct the implementation of the law or apply it selectively. Existing regulations fail to clearly define the boundaries of this discretionary authority, and there is no intermediary mechanism capable of intervening to resolve such disputes.”

A Syrian businessman owns an industrial facility

At the institutional level, compliance with general legal provisions varies considerably. For instance, Turkish labor law stipulates that work permits should be renewed for two years upon the first renewal, three years upon the second, and four years upon the third. Nevertheless, some institutions have not adhered to these provisions and have insisted on issuing one-year renewals each time, thereby exacerbating bureaucratic complexity.

Moreover, the majority of Syrian businessmen participating in the focus group discussions highlighted persistent deficiencies in the performance of financial consultants. These consultants were often insufficiently qualified to work with foreign investors and failed to discharge their responsibilities adequately, particularly in terms of communication, case follow-up, and the handling of sensitive financial and regulatory matters. As a result, many investors were exposed to avoidable financial losses.

“The Turkish tax system does not provide advance notifications or reminders regarding tax deadlines or other critical procedures, unlike other sectors. Monitoring these obligations is left entirely to the financial consultant, which has caused investors unnecessary and preventable difficulties.”

A Syrian businessman working in the field of legal and financial services.

Taken together, these bureaucratic challenges exert a significant strain on investors’ operations, consuming time and effort and generating delays that may result in financial losses or legal exposure—especially in

³⁰ While work permit issues were not prioritized in the survey, since most participants have obtained citizenship through their investments, they continue to face challenges concerning work permits and residence permits for their employees.

³¹ Both the Turkish legal expert and a marketing specialist confirmed that these are systemic issues.

the context of continuous inspection campaigns. Consequently, such conditions prompt investors to consider relocating to more predictable business environments with lower administrative costs.

2.2.3. Limited Government Attention and Lack of Support:

Syrian businessmen participating in the focus group discussions noted that, despite their clear presence in the Turkish market and their contribution to economic activity and external market access, this role has not received adequate attention from the government, even in cases where some have obtained Turkish citizenship. On the other hand, the European Union has introduced several support packages targeting companies employing Syrians under temporary protection. However, most Syrian-owned businesses were aware of only a limited portion of these programs, while other support and financing initiatives were poorly aligned with actual needs. An example is the support program for Syrian investors affected by the earthquake, which focused on areas where no Syrian-owned factories or workshops remained.

2.2.4. Regulatory Constraints and Cultural Barriers

The majority of participants in the first and second workshops indicated that the primary obstacle to entering the Turkish market lies in its limited openness to other cultures, alongside entrenched stereotypes toward Arabs that undermine trust-building. Several participants illustrated this challenge through concrete experiences, including one case in which a product fully competitive in terms of quality, price, and design (high-quality tissue packaging) failed to gain market traction solely because the company was perceived as Arab-owned.

“We have developed one of the engines used in manufacturing processes and introduced it to the market at a competitive price compared to existing imported products, with a two-year warranty. However, customers refused to purchase the product once they learned it had been developed by Syrians, and instead continued to rely on the products they were already familiar with.”

A Syrian businessman working in the engineering sector

On the other hand, many contributions addressed the impact of cultural differences in business management mindsets between the two sides, which have affected partnerships or alliances between Syrian and Turkish investors. These differences relate to commercial management practices, the tendency of Turkish traders to rely on cheques and long-term payment methods, something Syrian traders generally do not prefer, as well as a lack of awareness of private institutions that provide credit assessments to help investors identify reliable counterparties. This is in addition to the cautious approach of Turkish traders compared to the spirit of risk-taking and flexibility shown by Syrian investors, who are accustomed to

working in high-risk environments but tend to have less trust in the state and its institutions. Differences are also evident in the relationship between investors and their employees, as employee turnover in Turkish companies appears to be high, while Syrian traders are keen to build relationships with their employees based on loyalty and trust.

“Most businesses in Syria operate according to a model of selecting workers and developing them so that they remain with the enterprise. In many industrial sectors, particularly textiles, a worker or accountant may remain in the same factory for decades.”

A Syrian businessman owns an industrial facility

Trust-building was a decisive factor in the limited nature of relations between the two sides. Discussions indicated the difficulty of establishing business relationships with Turkish partners, as success in this regard was largely limited to traders who already had long-standing commercial relationships with Turkish counterparts, enabling them to overcome the trust issue and successfully establish such partnerships.

“We made repeated attempts to establish partnerships with Turkish investors, given their deeper understanding of the market and its regulatory framework. However, these partnerships proved unsuccessful, as they were marked by efforts on the Turkish side to assert dominance and control, in addition to challenges related to trust and financial transactions, which ultimately discouraged foreign investors from pursuing such partnerships.”

Syrian businessman working in the construction materials sector

Meanwhile, a Turkish marketing expert presented a set of recommendations to Syrian businessmen, emphasizing the importance of deeper integration and a more thorough understanding of the Turkish market. He noted that the market has increasingly shifted toward adopting Western-sounding brand names for Turkish products, as well as the tendency of some Turkish companies to establish their headquarters in European countries in order to convince Turkish consumers that they are foreign companies, thereby gaining greater trust and openness in consumer dealings.

2.3. Patterns of Investment Orientations among Syrian Businessmen in Türkiye: Staying, Returning, and the Dual Model

During the first six months following the collapse of the Assad regime, 90% of Syrian companies operating in the southern provinces, and covered by a study conducted by the French Institute of International

Relations, indicated that they were considering launching business ventures in Syria within the same sector in which they currently operate in Türkiye. This reflected an early intention to enter the Syrian market while preserving accumulated expertise and existing supply chains. Among these companies, 52% stated that they would terminate their operations in Türkiye if conditions in Syria developed as hoped, while 42% indicated that they would maintain their businesses in Türkiye after opening branches in Syria. These figures suggest that this group views Syria and Türkiye as interconnected markets rather than separate ones, highlighting the potential for cross-border strategies by companies that can leverage Türkiye’s relative stability and developed infrastructure alongside Syria’s market opportunities and lower production costs³².

One year after Syria’s liberation, and based on the findings from the focused discussion workshops and survey results, three primary trajectories emerge for the future of Syrian businessmen:

- 1- Remaining fully in Türkiye
- 2- Moving entirely to Syria
- 3- The dual model: operating in both countries

Survey analysis shows that only 5% of respondents had moved their operations entirely to Syria, while 60% had transferred part of their business. Meanwhile, 41% plan to relocate all of their operations to Syria within 1–3 years, whereas 14% intend to remain and continue operating solely in Türkiye (Figure 8).

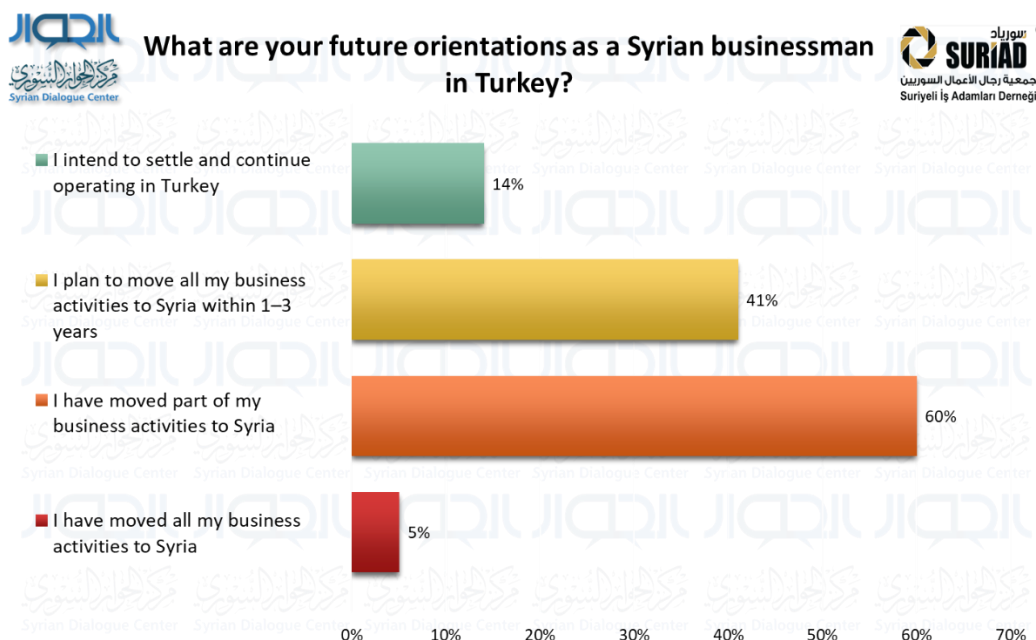


Figure 8: Future orientations of Syrian businessmen in Türkiye (Survey results)

³² How to Jumpstart Economic Recovery in Syria? The Role of Syrian Entrepreneurs in Türkiye, previously cited

The findings also reveal that most companies that transferred part of their operations to Syria are active in construction, wholesale, and retail sectors, and these companies maintain branches in countries other than Türkiye. Their annual sales in Türkiye range between \$200,000 and \$1 million, employing 10–100 staff members, and they are capable of generating new employment opportunities in Syria, averaging at least 18 jobs per company during the first year of operation. Additionally, all of these companies are able to attract foreign partnerships.

The survey responses indicate that companies which have relocated part of their operations to Syria maintain supply chains in construction materials, food, pharmaceuticals, electronics, clean energy, and the automotive sector (Figure 9). Moreover, half of these companies contributed to crowdfunding campaigns in Syria over the past year, and two-thirds expressed willingness to support future community initiatives.

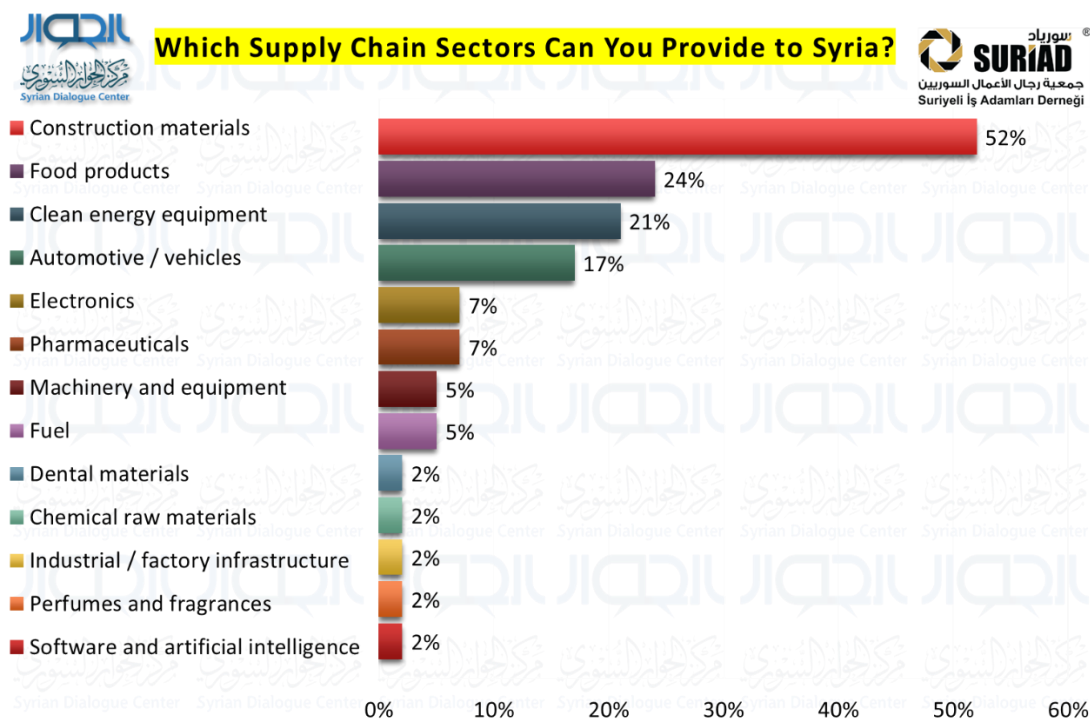


Figure 9: Supply chains that Syrian businessmen in Türkiye can provide to Syria (Survey results)

The majority of workshop participants reported their intention to expand activities in Syria without fully closing their Turkish operations, opting instead to scale down in accordance with operational challenges and costs. This approach reflects a combination of responsibility, patriotism, and a strategic effort to capitalize on available opportunities. Others viewed maintaining their Turkish presence, particularly for profitable and successful ventures, as a safer and more effective way to support Syria from abroad.

Survey results further indicate that most Syrian businessmen in Türkiye are considering investments in the construction sector, while others plan to focus on import-export, service sectors such as education and vocational training, digital services, and select manufacturing industries (Figure 10).

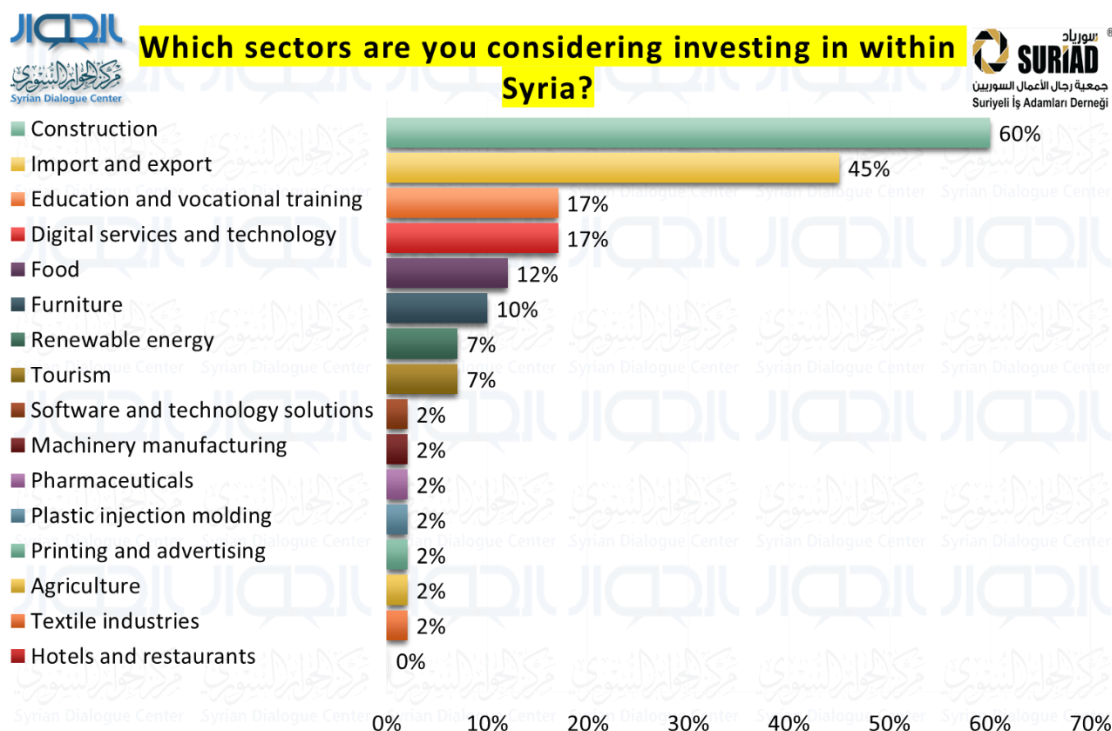


Figure 10: Sectors in which Syrian businessmen in Türkiye are considering investing (Survey results)

III. The State of Syrian Economic Activity One Year After the Country’s Liberation

The liberation of Syria has left a heavy legacy of physical devastation and widespread destruction across numerous governorates. The “Comprehensive Financial Assessment of Syria 2025” examines the country’s recent economic trajectory amid ongoing political transition and regional instability. The report highlights the severe erosion of Syria’s economic base, chronic fiscal pressures, the profound impact of sanctions, and the disruptions caused by conflict, alongside a significant rise in informal and illicit economic activities since 2011. It notes that GDP has contracted by over 50% since 2010, and per capita Gross National Income has fallen to just \$830 in 2024, well below the international threshold for low-income countries. Approximately 95% of Syrians live below the poverty line, including 25% in extreme poverty. Since the political transition, Syria has faced a severe liquidity crisis due to a shortage of banknotes and broader disruptions in the circulation of the domestic currency³³.

³³ Overall Financial Assessment of Syria, World Bank, Published 7/7/2025

The World Bank has projected very weak growth of only around 1.0% for 2025, particularly as this growth is affected by a set of critical factors, including persistent security instability, liquidity shortages, limited access to foreign currencies, drought-related agricultural shocks, and trade and financial restrictions imposed by sanctions. High public debt also constitutes a serious warning sign, with total debt reaching approximately \$27 billion by the end of 2024 (128% of GDP), of which over \$22 billion is external debt, with delayed repayments, particularly to Iran. This is accompanied by a fiscal deficit reflected in low government revenues and reduced expenditures, following the depletion of foreign reserves in previous years³⁴.

The factors mentioned above, combined with rising inflation, have significantly eroded citizens' purchasing power and daily living conditions. Employment opportunities have largely shifted toward irregular, informal, and low-wage arrangements. Economic sanctions have further isolated the Syrian market from global trade, affecting the volume of direct investment and limiting the country's ability to leverage free trade. The report highlights that Syria's economic recovery depends on easing or lifting sanctions, attracting foreign investment; including from neighboring and regional countries, and integrating returnees and displaced communities' skills into the domestic economy³⁵.

In the first year following the liberation, official data and published studies indicate the situation of certain sectors as follows:

Industry and Handicraft Projects:

Data from the General Directorate of Industry show that by late November, 2,443 industrial projects had been licensed, of which only 218 were operational. Meanwhile, 588 handicraft projects were licensed, with only 56 implemented, in addition to two facilities; one in the food sector and another in chemicals³⁶.

Despite the optimistic interpretation provided by the Directorate, the data reveal that licensed industrial projects reflect a small-scale economy with limited employment opportunities—averaging 11 workers per textile facility and 3–4 workers per other facility. This suggests that most projects are home-based or semi-home-based or small workshops. The data also show a significant gap between licensed and operational handicraft projects, with only 11% actively functioning³⁷. Overall, investment projects remain very modest in size and operational capacity. This demonstrates that although administrative activity increased in 2025,

³⁴ Previously cited reference

³⁵ Previously cited reference

³⁶ According to [SANA \(published 3/11/2025\)](#), 3,031 industrial and handicraft projects were licensed and implemented in Syria over nine months.

³⁷ Previously cited reference

evidenced by the surge in licensed industrial and handcraft projects, only about 10% of newly licensed establishments were actually implemented. Returning industrialists are still in an exploratory phase, undertaking very small-scale, low-risk projects. This indicates that the Syrian economy remains in a state of continuity from the previous period, with limited operational activity and far from full productive or investment recovery.

Commercial Companies:

Ministry of Economy and Industry recorded over 18,023 new companies by the end of 2025, marking an increase of 9,348 from the previous year. These included 13,598 sole proprietorships, 1,526 general partnerships, 158 limited partnerships, 63 joint-stock companies, and 2,678 limited liability companies³⁸, with 38% of registrations occurring in the last quarter of the year (Figure 11)³⁹.

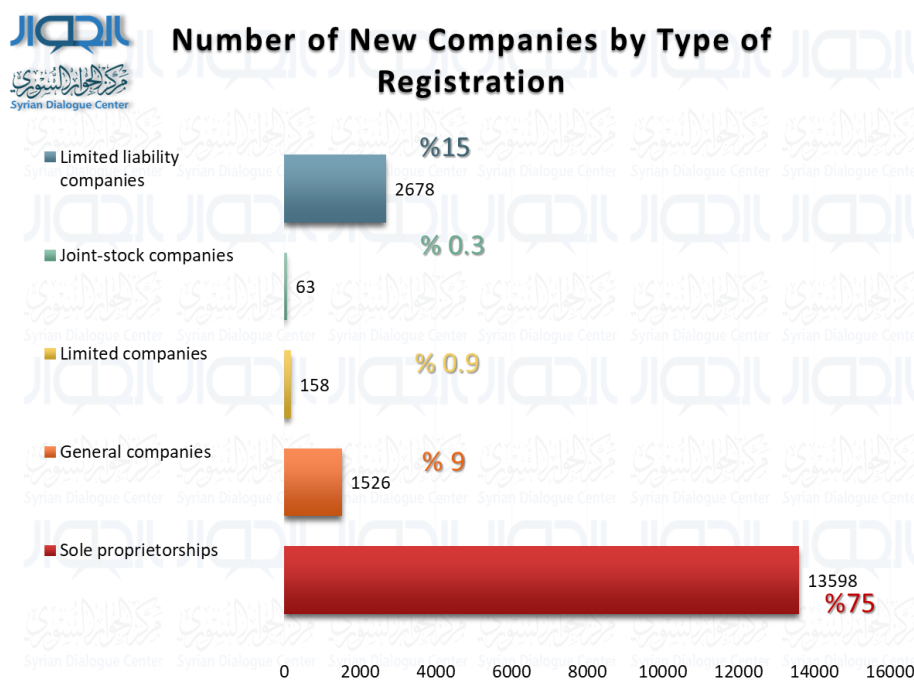


Figure 11: Number of new companies registered in Syria by type of registration

The sectoral distribution of companies registered in Syria in 2025 indicates that economic recovery remains in its early stages. It is primarily driven by sole proprietorships and small businesses, which reflect limited

³⁸ A sole proprietorship is a company owned by a single Syrian individual, who assumes full responsibility for all its obligations. A general partnership involves two or more partners, each fully liable for the company’s debts. A joint-stock company divides its capital into equal shares held by a group of shareholders, while a limited liability company comprises between two and fifty partners, with each partner’s liability limited to their capital contribution.

(Source: Zatari and Afyonlu firm, [Conditions for Establishing a Company in Syria](#))

³⁹ [More than 18,000 new companies were registered in Syria during the year following the liberation](#), according to SANA (published 23/12/2025)

capital and high risk. Positive signs are emerging from the growth of limited liability companies, suggesting potential for greater job creation, expansion, and long-term growth. Large-scale investments and joint-stock companies remain limited, reflecting a partial and incomplete recovery, contingent on economic confidence, legal and monetary stability, and transparency.

In the second half of 2025, Syria witnessed a marked increase in the registration of foreign company branches, with 44 branches established compared to only two in the first half of the year⁴⁰. This rise indicates improved market expectations among some economic actors; however, it does not, by itself, constitute proof of actual investment inflows or structural economic recovery. Most of these branches function primarily as legal representations or preparatory entities for future operations, with no tangible impact on employment or production unless they evolve into fully operational companies that hire additional staff and actively participate in supply chains.

Startups:

A recent report tracking over 200 Syrian startups, all under three years old, noted that 25 of these faced challenges and structural limitations in their business models. These startups operated in an environment dominated by improvisation, survival tactics, short-term deals, and ad hoc solutions. The report highlighted that 2025 experienced renewed activity driven by the return of diaspora entrepreneurs and increased international engagement. However, this also triggered market shocks that led some startups to close, as foreign organizations entered with mature products and established brands, which displaced rather than stimulated local innovation and competition⁴¹.

The report highlights a clear concentration of startups in Damascus, followed by Homs, Aleppo, and Latakia. Most operate in technology and digital services, alongside light food industries, circular economy projects⁴², and agriculture-related initiatives. However, 39% of these startups remain at the idea stage, 38% in early development, 18% in the growth stage, and only 4% have reached maturity⁴³.

The report identifies six structural challenges: ambiguous and outdated legal frameworks, lack of intellectual property protection, inefficient capital flows due to weak electronic payment systems, a knowledge gap limiting institutional learning and sustainable model adoption, lack of reliable data and

⁴⁰ Syria Witnesses Surge in Registration of Foreign Companies

[Syria Witnesses Surge in Registration of Foreign Companies](#), The Syria report, 16/12/2025

⁴¹ (Source: [Review of the Syrian Startup Ecosystem](#), Aram Lab, 2025, published 01/01/2026)

⁴² The Circular Economy is a production and consumption model aimed at eliminating waste and maximizing resource efficiency through design, repair, reuse, and recycling, in contrast to the traditional "take-make-dispose" approach.

⁴³ Previously cited reference

market transparency hindering risk assessment, and institutional fragmentation, as multiple actors, including organizations, universities, business accelerators, and support agencies, operate without a coordinated strategy. In addition, inadequate infrastructure and persistent issues with electricity, water, communications, and roads further constrain operations⁴⁴.

The review of Syria's economic activity one year after liberation confirms the observations of an economic expert, who noted that the country's current situation cannot be characterized as genuine economic recovery, but rather as a continuation of a fragile, adaptive economy driven primarily by survival and risk-aversion considerations rather than by investment and growth⁴⁵. Although there are signs of increased administrative activity, as evidenced by company and project registrations, the clear gap between licensing and implementation, the predominance of micro and very small enterprises, and the limited operational capacity indicate that the ongoing economic activity remains constrained and non-cumulative. The growth of individual and startup enterprises reflects social and entrepreneurial dynamism, yet at the same time exposes the fragility of institutional structures and the absence of legal, financial, and organizational frameworks capable of transforming initiatives into sustainable growth pathways. Meanwhile, the heightened interest from some foreign companies and the partial return of diaspora investors largely remains preparatory rather than constituting actual investment, particularly given the deteriorating infrastructure and policy uncertainty. Therefore, moving from the current situation toward a genuine economic recovery remains conditional upon addressing the underlying causes of institutional dysfunction, strengthening economic governance, and establishing a credible investment environment capable of attracting domestic and diaspora capital. This also requires shifting economic activity from short-term, survival-driven responses toward an organized, productive, and sustainable growth path.

3.1 Constraints on Return and Investment in Syria

Most of the businessmen interviewed made repeated visits to Syria over the past year to assess conditions and explore the feasibility of initiating their activities. Several of them opened branches and commenced operations despite the generally discouraging environment. However, they encountered a range of obstacles that adversely affected their emerging businesses and investment decisions, prompting them to delay or reconsider their plans.

⁴⁴ Previously cited reference

⁴⁵ (Source: [Local Economic Governance Gaps in Syria: From De Facto Administration to Building Sustainable Economic Capacity](#), Rami Al-Sharaq, LinkedIn, 25/12/2025)

Survey findings show that the lack of security is the most decisive factor limiting the return of Syrian investors in Türkiye to the Syrian market. This is followed by legal and regulatory complexities, weak infrastructure, the impact of sanctions, and a shortage of skilled labor, in addition to tax-related challenges, high fees, and the absence of adequate guarantees (Figure 12).

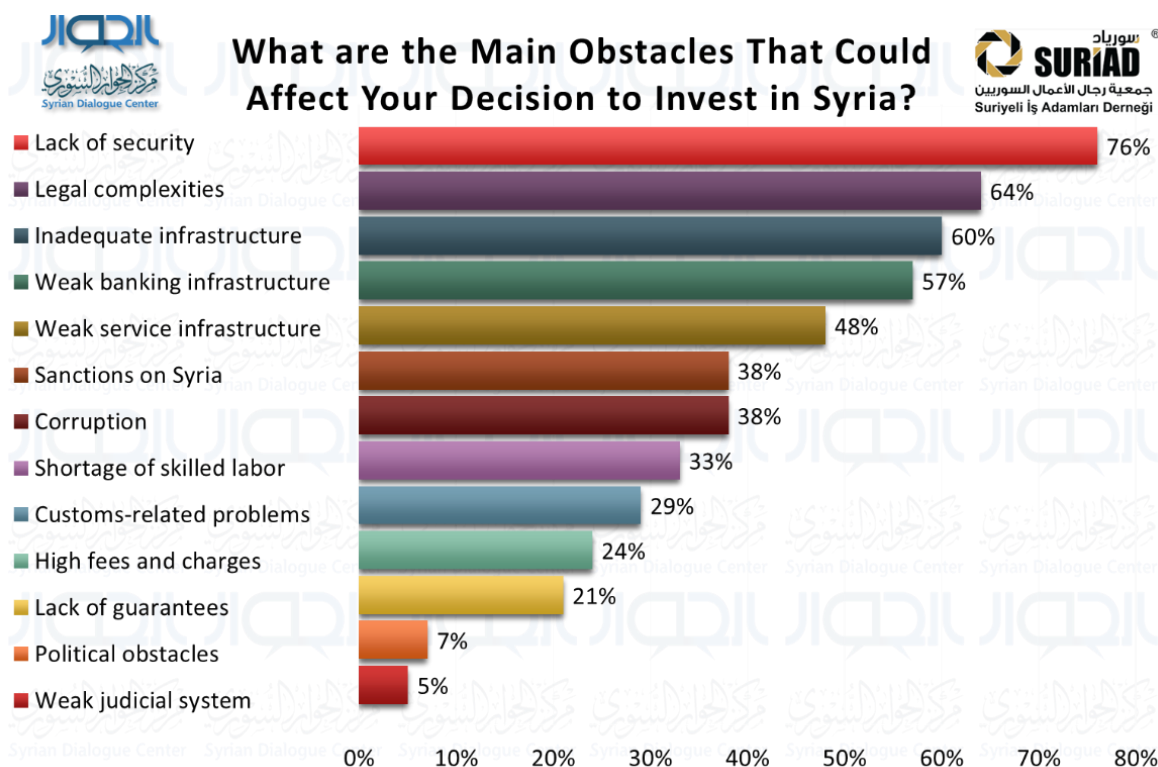


Figure 12: Key obstacles influencing the investment decisions of Syrian businessmen in Türkiye regarding investment in Syria (Survey results)

The discussion workshops addressed these obstacles in detail, particularly those affecting decisions related to return and investment inside Syria. Most participants indicated that they had initially intended to relocate the bulk of their operations to Syria in the coming years while maintaining a limited presence in Türkiye. However, the cumulative challenges they faced during their visits led them to revise these plans, opting instead to retain most of their activities in Türkiye and transfer only a small portion to Syria, due to several constraints and considerations, including:

3.1.1 Legal Constraints

Syria continues to operate under an outdated and unreformed legal system, as commercial courts and governing regulations remain cumbersome and highly bureaucratic. The adjudication of commercial disputes often takes several years, resulting in the erosion or loss of rights. Some stakeholders argue that modernizing laws that protect rights and ensuring their effective and timely enforcement would enhance

investor confidence and encourage market entry, particularly into more structured business models such as joint-stock companies and limited liability companies, once trust in the renewed legal framework and its institutional flexibility is established.

Others contend that several recent government decisions continue to reflect institutional disarray and the absence of a unified regulatory vision across ministries. In some cases, decisions have been issued inconsistently or subsequently reversed, undermining predictability. Moreover, certain policy measures have directly constrained investment, most notably customs tariffs imposed by the Land and Sea Ports Authority. While these tariffs have contributed to public revenue generation, they have failed to differentiate between production inputs required for industrial activity and reconstruction, and consumer goods. This has led to increased costs and supply constraints for essential inputs needed at this critical stage, according to several participants.

Beyond commercial legal challenges, real estate-related issues constitute a significant barrier to investment, particularly in the property development sector. This sector requires updated regulatory frameworks that simultaneously encourage the entry of real estate development companies and safeguard individual property rights, without creating additional obstacles to the reconstruction process.

*“The existing legal framework effectively leaves us with two equally problematic choices; either arbitrary state expropriation under the *** project model, or the complete obstruction of large-scale real estate development whenever a single property owner in a partially destroyed building—or even one heir—refuses to sell or partner with incoming real estate development companies.”*

A Syrian businessman working in real estate development and construction

3.1.2 Bureaucratic Barriers and Corruption Networks

Beyond the shortcomings of the legal framework, Syria continues to face deeply rooted bureaucratic obstacles resulting from an outdated public employment system that long treated government positions as rewards for loyalty and political affiliation. This has produced institutional stagnation, administrative congestion, and excessive procedural complexity. In parallel, most administrative systems remain paper-based and largely non-digital, causing transactions to be slow, costly, and labor-intensive.

Under current conditions, administrative procedures constitute a major deterrent for new investors entering the market, as they remain heavily dependent on personal connections, mediation, and patronage. This highlights the urgent need for comprehensive administrative

reform, the introduction of genuine investment facilitation mechanisms, and the adoption of a unified one-stop-shop model for investors.

A Syrian businessman working in the technology sector

Multiple testimonies confirm that corruption networks, encompassing bribery, favoritism, and nepotism, continue to operate across public institutions, albeit unevenly across agencies. Participants stressed that digitizing government services represents a critical priority for curbing corruption, streamlining legal procedures, and reducing direct interaction between citizens and public officials.

“As a Syrian investor, I find it extremely difficult to accept the continued presence of officials who were complicit with the former Assad regime, openly supported it, and benefited from it within state institutions. Their continued presence erodes trust in these institutions and renders them an unsafe environment for engagement.” ”

A Syrian investor specializing in trade and digital marketing

Participants criticized the prevailing institutional culture within the public sector and the weak professional commitment among employees. Many staff members perceive their low salaries as insufficient motivation to adequately serve clients or fulfill their duties. Moreover, the lack of proper training and technical expertise contributes to slow, cumbersome, and inefficient administrative processes.

“My transaction was delayed by an employee who claimed that a printer malfunction was preventing the approval from being printed. When I inquired further, as I am specialized in this field, it became clear that the employee simply did not know how to connect the printer to the computer and was waiting for the maintenance team. Within minutes, I connected the printer, printed the document, and completed the transaction.”

A Syrian businessman working in the technology sector

Additionally, there are indications of a new governmental trend toward re-engaging certain business figures who held influential roles during the Assad era, such as Mohammad Hamsho and Mohieddin al-Manfoush. These individuals were, to varying degrees, implicated in exacerbating public suffering, which has triggered widespread public resentment, particularly among those affected⁴⁶. At the same time, this approach risks reproducing the same formal and informal economic structures of the past, reviving

⁴⁶ [Mohammad Hamsho: How ‘Turning the Page on the Past’ Provoked Syrian Public Anger in an Agreement Between an Assad Ally and the Syrian Government](#), BBC Arabic, 7 January 2026.

[Who is Mohieddin al-Manfoush? A New War Millionaire in Syria](#), Ultra Syria, 13 June 2017.

entrenched networks of corruption and patronage, and allowing those involved in abuses to evade accountability.

3.1.3 Lack of Vision and Strategic Planning

Some workshop participants criticized the current approach, noting that it does not differ substantially from previous practices. They argued that the current government has not provided a clear vision or strategic plans for future investment and economic development that would encourage investors. For example, the state's position on regulating real estate investments and initiating urban development projects remains unclear, and most executed urban projects are still small-scale and follow the previous model (individual constructions of modest quality and limited services).

"I observed a number of Turkish and Arab real estate companies entering the Syrian market, but they remain in a holding pattern and have not yet started operations, indicating underlying concerns that must be addressed quickly to prevent their withdrawal from the market."

A Syrian businessman working in real estate development

Participants noted that Syria faces a genuine housing crisis, yet no comprehensive plan or strategy has been developed to address it, contributing to an illogical surge in real estate and land prices, which has affected investment returns and local product costs. Widely damaged neighborhoods, such as Jobar and Qaboun, also pose numerous legal and property-related challenges, for which state institutions have yet to provide solutions.

Participants also criticized the lack of real commitment to developing the industrial sector and attracting Syrian industrialists, emphasizing that the economy cannot advance and enter a sustainable development phase through technological and service projects alone without a strong industrial base. They also noted that government support for the industrial sector has been delayed and insufficiently clear to effectively activate this sector.

In addition to the absence of supportive legislation and incentives for the industrial sector, this field continues to face significant challenges. Among these is the current liberal import policy, which lacks proper regulatory controls, adversely impacting local workshops and forcing many to shut down due to an inability to compete. Furthermore, little attention has been given to rebuilding and promoting the national identity of Syrian industry. The "Made in Syria" brand has lost much of its competitiveness over recent years and

requires substantial effort and investment to regain its market position. In contrast, the “Made in Turkey” brand remains stronger and more competitive, prompting many Syrian industrialists in Türkiye to hesitate in relocating their operations back to Syria.

Several Syrian industrialists and investors have also encountered the theft of company names, products, and specifications during their absence, resulting in the loss of legal protection for their commercial property. In recent years, new companies have been established using the same names and trademarks, leaving some original businesses struggling to reclaim ownership and commercial rights in the absence of adequate governmental and financial support⁴⁷.

3.1.4 Infrastructure and Investment Challenges

Years of conflict have destroyed roughly one-third of Syria’s fixed productive assets, (including factories, buildings, machinery, and electricity, water networks,... etc...)Direct material losses to infrastructure, as well as residential and non-residential buildings, reached approximately \$108 billion, with infrastructure being the hardest-hit sector, accounting for 48% of total damages⁴⁸.

According to an economic expert, rehabilitating infrastructure is a critical prerequisite for any meaningful economic recovery. Lessons from comparable contexts show that governments that prioritized repairing and upgrading roads, ports, transportation networks, electricity and water systems, and ensuring security were able to attract investors effectively, as demonstrated in Germany, South Korea, and Vietnam. In contrast, attempts to lure investors without these foundational elements, and without allocating investment returns to cover restoration costs, often led to failed projects, inflated operational costs, and investor withdrawal, as seen in Iraq, Afghanistan, and South Sudan.

Beyond basic services, a strong and flexible legal framework, secure logistics, investment facilitation, and clearly defined customs tariffs; particularly for raw materials, are essential to mitigate investor risks and encourage engagement.

“Investing in Syria entails additional costs and financial burdens. The scarcity of housing and office spaces, coupled with high demand, has driven up rents and adaptation costs for business operations. Furthermore, alternative energy and internet infrastructure must be

⁴⁷ [Stolen Trademarks Returning businessmen to Aleppo face theft of commercial property.](#) – Fox Aleppo, published 1/1/2026

⁴⁸ [World Bank: \\$216 billion needed for Syria’s reconstruction](#) – Al Jazeera Net, published 21/10/2025

secured. Collectively, these factors impact product costs and quality, making it less competitive."

A Syrian businessman working in construction, import, and export

Some observers criticized the randomness and poor quality of services, particularly in street rehabilitation, while others argued that the results were reasonable given the limited budgets, especially since the reconstruction decision is a pending political and international matter. The delay in approving the Reconstruction Conference raises many questions.

3.1.5 Banking Sector, Liquidity, and Exchange Rate Liberalization

A Syrian financial expert noted that the current exchange rate of the Syrian pound against the U.S. dollar is unrealistic and does not reflect its true value. Post-conflict economies naturally face exchange rate fluctuations, but the current rate has harmed industrial producers and ordinary consumers, reduced remittance values, and fueled inflation. The expert predicted that future economic liberalization would likely cause significant volatility, benefiting investment opportunities but increasing local production costs, potentially rendering Syrian products uncompetitive.

The expert also stressed the need to reform banks and restore confidence in the financial sector. Currently, only 10% of Syria's monetary supply is held in banks, while the rest remains in private hands. Large hidden funds are still controlled by individuals linked to or benefiting from the former Assad regime. Accountability measures are essential during the ongoing currency exchange process to trace the origin and justification of these funds.

"Despite the lifting of the Caesar sanctions and the resumption of SWIFT transactions, the banking infrastructure of all Syrian public and private banks still does not meet international standards required for participation in global financial systems."

A Syrian businessman working in technology and digital marketing

Regarding banking volatility and its negative impact on investment, one participant cited the Central Bank's actions in the fourth quarter of 2025, when it announced the opening of licensing for electronic payment gateways and published the required conditions. Accordingly, many local and foreign companies submitted applications; however, the entire process was later suspended pending the convening of the

People's Assembly. This gave the impression of hesitant government policies and raised concerns that undermined investor confidence.

A governance expert highlighted that the current financial framework remains opaque. It is unclear whether financial audits are being implemented to oversee government financial practices; a standard procedure in all countries and previously applied in Syria to regulate interactions with foreign economies. Additionally, Syria lacks reliable financial indicators to track the direction of economic growth. The role of "Sham Cash," the electronic wallet, in the economy also remains ambiguous, particularly in relation to the Central Bank's functions.

3.1.6 The Need to Develop Business Sectors and Workforce Skills

Workshop discussions underscored Syrian entrepreneurs in Türkiye emphasizing the urgent need to modernize business practices in Syria to better attract customers and investors. Participants highlighted the differences in real estate marketing between Syria and Türkiye, criticizing the prevailing mindset in the Syrian market. The existing approach fails to adapt to globally recognized real estate marketing standards, continuing instead to operate under outdated models that provide inaccurate information on prices, specifications, and delivery times, while offering minimal marketing incentives.

Arguably, the most pressing challenge in developing certain business sectors in Syria is addressing the pronounced skills gap, a concern highlighted by all workshop participants. They observed that the Syrian labor market is divided into two segments; low-wage, poorly trained workers who are largely unreliable, and scarce, highly skilled professionals whose salary demands often exceed those of their counterparts in Türkiye or the Gulf, reaching up to \$3,000 for some positions. This disparity contradicted initial investor expectations and prompted many to adopt a cautious approach.

"After transferring part of my technology business to Syria, I realized that relying solely on local teams was impractical. I therefore offered incentives to my Turkish staff, encouraging them to relocate with additional benefits and compensation. Their presence alongside the new Syrian team, comprising roughly one-third of the workforce, was essential to successfully advance operations in Syria."

A Syrian businessman working in technology and digital marketing

One participant noted that the former Assad government had recognized the deficiencies in workforce skills across the country's institutions and had repeatedly issued announcements encouraging professionals from the Gulf to return to Syria. Despite awareness of the brain drain, no substantial measures

were implemented to address it. Several participants also shared their experiences in training employees and youth, whether in partnership with government entities or independently. While these programs attracted trainees, they criticized the lack of coordination and the inconsistent quality and value of the training provided by different organizations.

It is critically important to recognize the need to develop and invest in traditional crafts and vocational professions, given their potential to revive the social economy. According to a governance expert, strengthening this sector requires clear institutional frameworks, effective governance mechanisms, and systematic workforce rehabilitation to ensure its continuity and long-term growth.

3.2 Economic Opportunities in the Syrian Market

In assessing current economic opportunities, one economist emphasized that tracking and analyzing financial inflows into Syria offers a reliable lens through which investment opportunities can be identified. These inflows can be broadly classified into four main channels:

1- Remittances from Expatriates

The value of official financial remittances sent to Syria from Saudi Arabia, Lebanon, Jordan, and Türkiye reached USD 1.6 billion in 2019⁴⁹. World Bank estimates for 2022 indicated a similar level, around USD 1.5 billion⁵⁰. Following the fall of the former Assad regime, remittances more than doubled, with the Governor of the Central Bank of Syria reporting nearly USD 4 billion in 2025⁵¹. These remittances provided income for 38% of Syrian households and accounted for approximately 8–12% of GDP⁵². Transfer fees to fragile areas remain among the highest globally, ranking second at USD 36 per USD 200 transferred⁵³.

Official figures, however, do not capture the full volume of remittances, as many transfers occur through informal channels and the black market. Nevertheless, these inflows have been crucial for the

⁴⁹ Refugees' Transnational Livelihoods and Remittances: Syrian Mobilities in the Middle East Before and After 2011

Ann-Christin Zuntz, Refugees' Transnational Livelihoods and Remittances: Syrian Mobilities in the Middle East Before and After 2011, *Journal of Refugee Studies*, Volume 34, Issue 2, June 2021, Pages 1400–1422, <https://doi.org/10.1093/jrs/feab016>

⁵⁰ [Remittances from expatriates are an almost sole lifeline for a segment of Syrians](#). Independent Arabia, published on 4 June 2024.

⁵¹ [A record surge in remittances from Syrians abroad.. Approximately USD 4 billion in remittances since the fall of the regime](#), Al Arabiya Net, 8 December 2025.

⁵² [Financial remittances a lifeline for 38% of Syrians](#), Al-Araby Al-Jadeed, published on 18/11/2025.

⁵³ Financing in Fragile Contexts

OECD (2020) Financing in Fragile Contexts. Paris: Organisation for Economic Co-operation and Development. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2020/12/financing-in-fragile-contexts_93c70f7c/e87c2402-en.pdf

survival of recipient families, covering only basic needs and highlighting the limited purchasing power of households, particularly given the relatively small average remittance amounts.

In terms of current economic activity, the Syrian market is dominated by small shops and supermarkets offering consumer goods and essential products. This saturation limits the market's capacity to absorb additional investments, especially since these small enterprises have already developed adaptive strategies and possess a clearer understanding of market demands.

2- Foreign Investments:

According to official data from the Syrian Ministry of Economy, foreign investments in Syria in 2025 exceeded USD 28 billion, primarily directed toward strategic projects in energy, infrastructure, telecommunications, transport, and ports. In contrast, contributions from Syrian capital, whether domestic or expatriate, amounted to only USD 2–3 billion.⁵⁴

These figures largely reflect government announcements or signed agreements rather than reliable, official statistics on actual foreign direct investment flows. Nevertheless, foreign investment is expected to grow in the coming year, particularly following the lifting of the Caesar sanctions at the end of 2025.

The participating economic expert emphasized that foreign investments should be viewed as projects seeking opportunities and profits in strategic sectors, particularly infrastructure. These investors tend to enter cautiously, but the presence of local partners can encourage them to move forward. Local partners can handle licensing and legal procedures, provide logistics, labor, and the necessary services for these companies. They can also act as subcontractors, offering their services to both foreign investors and international organizations alike.

"I urge Syrian companies to take initiative and engage with foreign firms, presenting themselves as local partners who understand Syria's legal and operational environment."

Syrian Economic and Financial Expert

One participant highlighted the need to exercise caution regarding certain Western investments and foreign companies that view conflict zones as opportunities to offload expired or unsellable products.

⁵⁴ [Growth of foreign investments and the absence of Syrian capital.](#) "Al-Araby Al-Jadeed, January 14, 2026

In many cases, these investments represent a last-ditch effort by some companies to avoid bankruptcy or to dispose of surplus goods.

3- Government Revenues:

Despite persistent budget deficits under the Assad regime and widespread cash shortages in the markets⁵⁵, certain government institutions have managed to secure revenues that allowed them to maintain essential services. One participant highlighted that the land and sea border authorities, customs, and the Ministry of Finance, by implementing preliminary anti-corruption measures in customs and procurement, were able to cover basic salaries for employees and provide partial support to the treasury.

Several participants also noted the current government's focus on training and upskilling public-sector staff, with the largest portion of the budget allocated to this purpose. This emphasis creates promising opportunities for investment in training and consultancy services.

4- The Wealthy Segment in Syria:

In recent years, a new class of wealthy individuals has emerged alongside the pre-existing merchants and affluent families. This group continues to hold significant capital and demands high-quality services. Accordingly, high-end investment projects—such as international schools and advanced hospitals—have the potential to succeed by catering to this market segment, according to economic experts.

"Investing in the Syrian market today involves high risks, but it also offers substantial profit margins. Syrian investors are currently among the most daring and willing to take on such ventures."

Syrian Economic and Financial Expert

The findings from the workshops align with a recent study indicating that Syria's economic landscape suffers from the absence of clear laws and regulations, fragmented decision-making, and weak coordination between local markets, authorities, and international development programs. The study noted that the prevailing focus on attracting individual projects rather than building systemic frameworks, along with the reduction of local economic development to short-term livelihood programs, has limited

⁵⁵ [Long queues... Cash shortages force Syrians to wait for hours to access funds](#). Asharq Al-Awsat, 18/4/2025

both impact and sustainability, especially in the absence of effective governance and stakeholder engagement.⁵⁶

Current approaches fail to address the governance gap, treating economic interventions as isolated projects rather than as part of a broader effort to establish integrated local economic systems encompassing regulation, decision-making, resource management, and partnerships with local actors. Consequently, the impact remains limited and non-cumulative, with minimal opportunities for scaling or long-term sustainability. International efforts to date have largely focused on assessments, diagnostics, data collection, and planning, without progressing to concrete operational interventions or institutional investments⁵⁷.

A transition from an adaptive economy to sustainable recovery is therefore impossible without deliberate investment in local economic governance, which provides the framework for structured and lasting growth. This requires engaging local authorities as partners in regulation and implementation, building their capacity to organize markets, manage resources, and establish simple yet effective accountability mechanisms. In practice, decision-making and market oversight remain fragmented or ad hoc, operating without clear institutional frameworks⁵⁸.

IV. Expected Roles of Syrian Businessmen in Türkiye in Syria's Economic Recovery

Syria and Türkiye share a long-standing history of robust trade relations. Turkish exports to Syria exceeded \$1.9 billion in 2010, dropped sharply to \$486 million in 2012, and later rebounded to over \$2.1 billion by 2023. By 2025, Türkiye accounted for nearly half of Syria's imports and absorbed more than a quarter of its exports⁵⁹.

The potential contribution of Syrian businesses operating in Türkiye goes beyond symbolic involvement in the post-conflict phase. These companies can play a pivotal role in revitalizing the Syrian economy by expanding supply chains and reconnecting the domestic market to regional trade networks. Evidence suggests that most of these firms are actively seeking to reestablish their presence in Syria, either by relocating their headquarters or by expanding cross-border operations. More than half of Syrian entrepreneurs maintain strong ties to their homeland, viewing reconstruction both as an anticipated

⁵⁶ Gap in Local Economic Governance in Syria, From De Facto Administration to Building Sustainable Economic Capacities, previously cited.

⁵⁷ Previously cited reference

⁵⁸ Previously cited reference

⁵⁹ Source: How to Jumpstart Economic Recovery in Syria? The Role of Syrian Entrepreneurs in Türkiye, previously cited reference

opportunity and a civic responsibility. Having endured years of displacement, these companies possess in-depth knowledge of the Syrian economic landscape, both formal and informal, along with established networks of suppliers, clients, and skilled labor. This gives them a clear advantage over Turkish firms, which typically perceive the Syrian market as a high-risk, foreign environment characterized by uncertainty⁶⁰.

The dual capacity of Syrian businessmen to operate within both the Syrian and Turkish environments enables the creation of cross-border economic corridors that can accelerate Syria's reintegration into regional trade. This dual positioning grants them a competitive advantage in navigating regulatory differences, cultural expectations, and logistical challenges; factors that often constitute significant barriers for other investors. The return of these companies is particularly significant in supporting sectoral diversification and recovery prospects, especially as most prospective returnees are active in trade, manufacturing, and services. Although the manufacturing sector currently represents a relatively limited share of the economy, it holds substantial potential due to its concentration in textiles, food processing, and light industries, which could reactivate key production zones and generate large-scale employment opportunities. The services sector, particularly transport, logistics, and business support services, plays a vital role in addressing the gaps left by the extensive destruction of infrastructure⁶¹.

The willingness of business owners to return to the sectors in which they operated prior to displacement reflects their readiness to assume calculated risks and to leverage accumulated expertise in ways that ensure continuity. This, in turn, contributes to deepening economic linkages and strengthening local supply chains. Within this context, the Syrian market presents an under-saturated structure capable of attracting Turkish investment in the future, given the availability of low-cost labor, limited competition, and the growing operational challenges within Türkiye itself. However, such investments remain contingent upon a reduction in political, financial, and operational risks⁶².

Conversely, there is a need for targeted financial support and the provision of secure, fully serviced industrial zones, alongside banking facilitation for transactions with Turkish banks and the simplification of procedures for the transfer of machinery and equipment. Entrepreneurs' priorities indicate that the absence of electricity and water constitutes the primary post-conflict challenge, outweighing security concerns. Business actors express readiness to operate under non-ideal conditions as long as basic services are available and infrastructure is operational, even in the absence of fully developed security and legal

⁶⁰ How to Jumpstart Economic Recovery in Syria? The Role of Syrian Entrepreneurs in Türkiye, previously cited reference

⁶¹ Previously cited reference

⁶² Previously cited reference

frameworks. This makes the establishment and expansion of safe and efficient industrial zones a key entry point for stimulating growth and job creation, building on Syrian business leaders' knowledge of the Syrian and Turkish markets and their capacity to link recovery requirements with development objectives.

The expansion of Syrian companies into Syria is driven not only by national or humanitarian motives, but also by clear economic considerations, including an underserved market, low labor costs, and limited competition, provided that reliable services and legal guarantees are in place to reduce volatility. In this context, productive investment is well suited to international support, given its measurable outcomes, identifiable beneficiaries, and clear accountability structures. Accordingly, the establishment of pilot safe industrial zones offers a neutral and practical entry point for directing external support during the early stages of recovery.

V. Future Scenarios for the Roles of Syrian Businessmen in Response to Economic Change

This paper adopts a scenario-based approach suited to a transitional phase marked by high uncertainty and multiple possible paths, where forecasting economic recovery and actor behavior is inherently difficult. Economic outcomes result not from a single expected trajectory, but from the complex interaction of incomplete political decisions, cautious investment behavior, and accumulated structural constraints.

On the other hand, the first year after liberation represents a critical window during which formal and informal economic behaviors and investor expectations crystallize, before temporary adaptation measures solidify into long-term trajectories that are difficult to reverse. Analyzing expected economic recovery trends allows for the identification of three scenarios:

Scenario One: Fragile Continuity (Worst-Case Scenario)

The fragile continuity scenario arises in a grey transitional environment that avoids both security collapse and comprehensive economic recovery, yet lacks substantive improvements in economic governance or core infrastructure, including electricity, water, the judiciary, banking, roads, and telecommunications (Figure 13). In this context, Syrian investors have limited incentives to shift their economic focus back to the domestic market. The Syrian government also does not provide a clear institutional framework for diaspora investors to ensure stability and long-term planning capacity. At the same time, Türkiye is expected to maintain its current approach of containing Syrian capital—not fully closing or expelling it, yet stopping short of full integration or broad expansion opportunities in the Turkish market—while structural challenges persist amid the ongoing economic crisis.

Under these conditions, most Syrian firms are likely to continue core operations in Türkiye, with selective, limited engagement in Syria, restricted to trade, brokerage, and short-term, low-risk, non-sustainable activities, as was observed during the first post-liberation year. This engagement is primarily aimed at testing the market and maintaining connections without undertaking substantial investment commitments, reflecting a risk-management approach rather than a strategy of return or economic repositioning. Consequently, the Syrian economy remains in an “adaptation” mode, driven by trade and consumption, with no substantive progress toward productive recovery or reconstruction.

For the Turkish government, Syrian capital continues to support production, employment, and exports, yet over time this contribution may shift from an economic asset to a political and social liability. Syrian investment could generate domestic tensions, particularly ahead of elections, while intensifying market competition would place increasing pressure on Turkish policymakers, who may face two options: implement clearer retention and regulatory measures, or gradually and discreetly tighten the operating environment for these companies. Over time, Syrian firms are likely to become increasingly export-oriented, rather than expanding further into the Turkish market or targeting third markets outside Syria.

From the Syrian government’s perspective, this scenario would yield minimal benefit from the economic activity of this group, without expanding the tax base or fostering productive investment in critical sectors, such as manufacturing. The state remains a passive recipient rather than an organizer of economic activity, with limited capacity to leverage Syrian capital as a political or economic instrument during the post-liberation phase. In the absence of credible institutional reforms, investor hesitation intensifies, hindering the economy’s transition from survival and adaptation to cumulative recovery.

Syrian investors are likely to pursue risk-averse strategies, avoiding fixed assets and long-term commitments within Syria and focusing instead on high-turnover activities with limited but safer profit margins. Yet this strategy entails rising costs and missed opportunities, particularly as returns from operations in Türkiye gradually erode under the persistent status quo, compounded by growing competition, declining demand due to returning Syrian refugees, and the contraction of certain Arab communities. Over time, a wait-and-see mentality solidifies, with investors deferring expansion or return decisions in the absence of policies that promote change.

At the national level, this pattern results in economic activity that remains operational but unstructured and non-cumulative, with limited potential for sustainable job creation, especially in productive sectors. Local markets remain vulnerable to shocks and demand-supply fluctuations, due to weak regulatory mechanisms and the absence of integrated value chains. Simultaneously, accumulated expertise and cross-border

economic networks remain concentrated abroad, rather than contributing to the reconstruction of the national economy.

After five years under this scenario, “fragile continuity” evolves from a temporary condition into a silent economic trap. Syrian capital abroad gradually erodes without being reinvested domestically or redirected elsewhere, while incentives to return to Syria decline over time, particularly among the second generation of investors who have lost ties to the domestic market. As a result, exiting this scenario later becomes increasingly costly and difficult, due to accumulated missed opportunities, entrenched economic behaviors, and the conversion of temporary adaptations into permanent patterns, which constrain long-term recovery prospects.

Scenario Two: Selective Recovery (Most Realistic and Feasible)

The selective recovery scenario (Figure 14) emerges in a transitional environment marked by **partial and uneven improvements** in governance and infrastructure, without achieving comprehensive economic recovery. Improvements appear as targeted investments in electricity, water, and road networks, partial banking sector reactivation, and limited regulatory reforms in the judiciary and investment frameworks, applied in specific regions or sectors. In this context, the Syrian government begins offering a **selective institutional framework** to encourage the engagement of private-sector actors and diaspora investors. This framework is pragmatic rather than comprehensive, targeting specific investor groups and priority sectors, while providing a minimum level of stability and predictability that enables medium-term planning.

Simultaneously, this scenario generates promising investment opportunities for Türkiye. Syrian firms in Türkiye can boost Turkish exports to Syria and serve as a conduit for Syrian-Turkish partnerships entering the Syrian market, contributing directly to reconstruction efforts. Moreover, Turkish policies that encourage the **gradual repositioning** of certain activities help reduce friction and competition between Turkish and Syrian companies, while creating new mutual interests that could foster future collaborations. As a result, the Turkish market remains accessible to Syrian firms, rather than pushing them toward alternative markets, and political pressures associated with their presence ease as these companies begin partial reintegration into Syria. Through this dynamic, Türkiye retains its role as a regional hub for trade, services, and finance, while strengthening cross-border economic linkages with the Syrian market via integrated supply chains.

Under these conditions, a larger segment of Syrian firms, particularly medium and large enterprises or those with accumulated organizational and capital experience, begin a partial, structured reintegration into Syria

through targeted productive investments or relocation of parts of their value chains, which strengthens and develops local workforce skills. At the same time, other firms maintain their core operations abroad. This engagement takes the form of light industrial projects, logistics services, or local partnerships, concentrated in areas with adequate infrastructure and regulatory protection. As a result, the Syrian economy begins to gradually shift from an “adaptation” mode toward a **selective, uneven recovery**, driven by localized productive hubs rather than a comprehensive transformation.

For the Syrian government, this scenario allows for the gradual expansion of the tax base and the generation of tangible economic returns in specific sectors, without requiring immediate or sweeping reforms. The state also regains partial capacity to act as an organizer rather than a passive recipient, leveraging Syrian capital as an economic and political instrument, whether through reviving productive sectors or establishing regional partnerships. Nevertheless, this recovery remains fragile and susceptible to setbacks, particularly if reforms stall or disparities widen between benefiting and non-benefiting regions and sectors.

For Syrian investors, this scenario represents a pragmatic middle path between full risk and complete inertia. Rather than committing to a full return or remaining entirely abroad, investors adopt geographically diversified strategies, combining productive investments within Syria with commercial or financial activities abroad. This strategy enables enhanced medium-term returns and restores the investor’s role as an active economic participant rather than merely a risk manager, while maintaining prudence regarding long-term commitments.

At the national level, this path leads to an uneven recovery, marked by the expansion of some sectors and regions alongside persistent fragility in others. While modest, this growth contributes to more sustainable job creation, strengthened domestic production, and the emergence of scalable value chains. Yet, without a comprehensive national development framework, there is a risk of widening economic and social disparities unless the trajectory is supported by broader reforms.

After five years under this scenario, the Syrian economy would have partially escaped the adaptation trap, though full recovery would remain unattained. The Syrian government would have regained a portion of national capital and expertise, while Syrian investors would have repositioned themselves strategically, balancing economic impact, profitability, knowledge transfer, and sectoral development. Concurrently, Türkiye would consolidate political and economic gains while maintaining access to the promising Syrian market. However, this path is inherently transitional. It may either serve as a foundation for a broader, more

inclusive recovery, should the government pursue comprehensive reforms guided by a clear vision, or it may plateau at its limits, resulting in a hybrid model that remains incomplete.

Scenario Three: Structured Breakthrough and Productive Return (Ideal Scenario)

The structured breakthrough and productive return scenario (figure 15) arises within a political and economic transition marked by a qualitative shift in the state's role and its relationship with the private sector and diaspora investors, without presuming a comprehensive or immediate recovery. This scenario rests on the Syrian government's early recognition that recovery cannot rely solely on managing existing economic activity or implementing localized improvements. Instead, it requires a clear, formal partnership with national capital, spearheaded by diaspora business leaders, along with the development of flexible, phased, and participatory strategies and plans. The partnership materializes through fundamental regulatory reforms, including improvements to the investment environment, economic judiciary independence, banking sector reactivation, and sustained upgrades to critical infrastructure, particularly electricity, water, transport, and communications, all within a predictable timeline.

Reforms under this scenario are national in scope rather than sector- or region-specific, guided by a coherent vision for economic recovery, with clearly defined productive priorities. Institutional mechanisms are established to facilitate investment, such as qualified industrial zones, conditional tax incentives, investment promotion programs, and public-private partnership frameworks. This is accompanied by a shift in government discourse and practice, moving from treating Syrian capital merely as an additional resource to recognizing it as a strategic partner in reconstruction.

At the same time, Türkiye, and, in some cases, other neighboring countries, reposition their engagement with the Syrian economy within a clearer regional framework, perceiving structured recovery as an opportunity to rebuild cross-border value chains, rather than maintaining a temporary containment approach. The economic relationship shifts from managing the presence of Syrian capital in the Turkish market to orchestrating a structured transition of capital and productive activities, while preserving Türkiye's role as a regional trade, services, and finance hub and revitalizing the southern border provinces following the relocation of Syrian businesses.

In this context, Syrian investor behavior undergoes a fundamental transformation. Instead of relying on risk-minimization or limited diversification strategies, capital begins to return to the domestic market in an organized, phased manner, led by medium and large enterprises, followed by supplier networks and small-scale projects integrated into genuine production chains. Then, investment adopts a long-term, productive orientation, extending beyond trade and services to manufacturing, value-added agriculture, energy, and

logistics. Investors will also reclaim their role as active economic and developmental actors, rather than intermediaries or crisis managers. This structured return establishes a new model that attracts Arab and Western investments, enhances government legitimacy and market confidence, increases tax revenues, creates new employment opportunities, and strengthens key business sectors by leveraging investors' expertise.

At the Syrian government level, this scenario ensures stable tax revenues, higher foreign currency inflows, and enhanced planning and partnership capacity with local actors, gradually transforming the state into an active market regulator capable of managing competition, protecting investments, and steering growth toward developmental priorities. The government also regains the ability to leverage national capital as an economic and political tool, both for reconstruction and for building balanced regional and international economic ties.

Five years into this structured breakthrough scenario, the Syrian economy would have moved beyond adaptation and fragility toward a sustainable productive recovery, though full stability is not yet achieved. The state reasserts its regulatory role with clearer rules, predictable revenues, and effective private-sector partnerships, while a significant portion of Syrian capital returns to productive investment, and a managed external presence maintains cross-border value chains. Syrian business leaders, particularly from the diaspora, emerge as local economic drivers, supporting sectoral development and participatory planning. Türkiye, in turn, shifts to a cross-border economic partner rather than a permanent host for Syrian activity, easing political pressures and reinforcing shared economic interests. Despite lingering risks, recovery becomes the standard path rather than the exception.

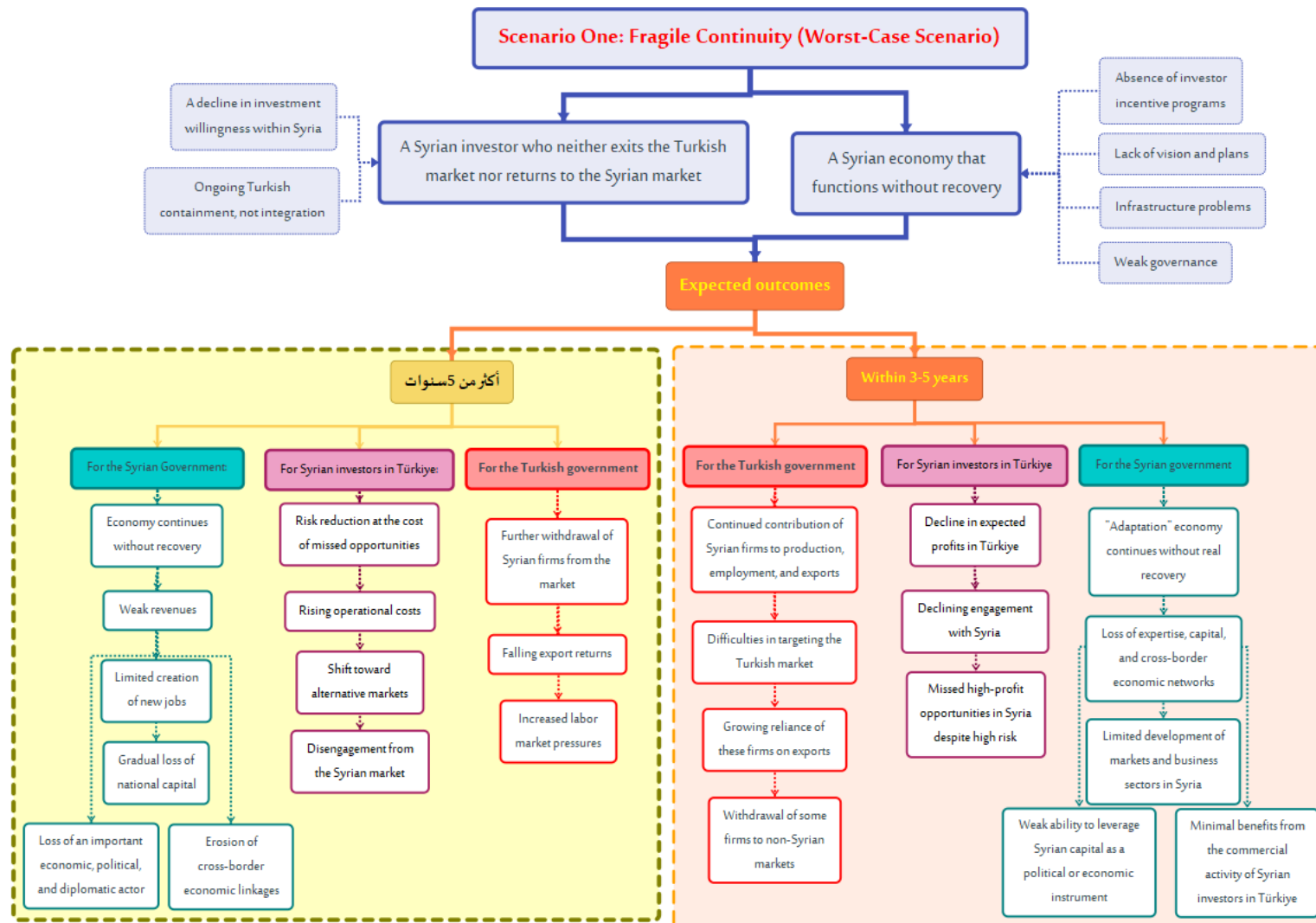


Figure 13: Scenario One: Fragile Continuity

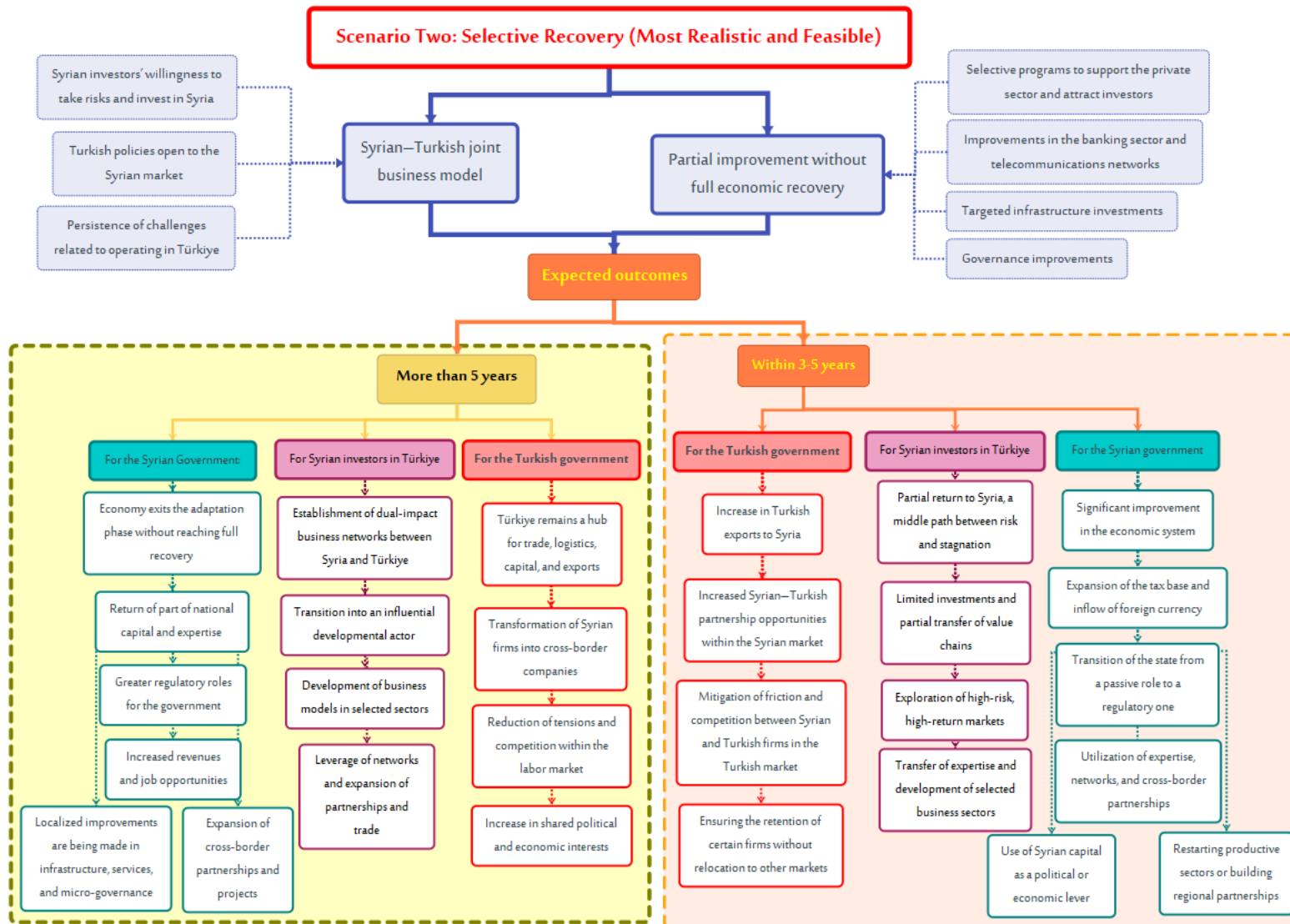


Figure 14: Scenario Two: Selective Recovery

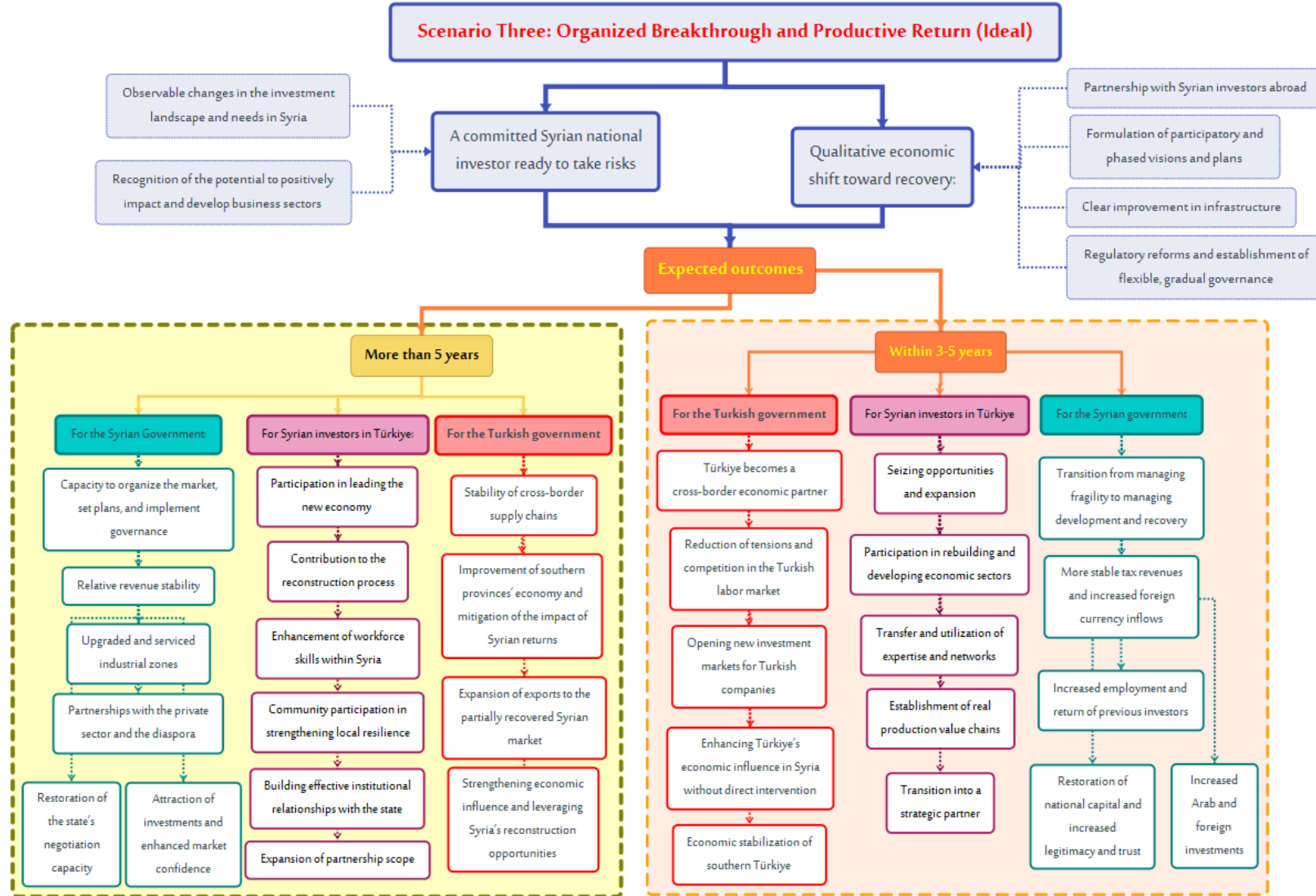


Figure 15: Scenario Three: Organized Breakthrough and Productive Return

VI. Outcomes and Recommendations

The findings of this paper indicate that Syrian businessmen in Türkiye remain interested in a meaningful return to resume economic activities in Syria. This interest, however, is tempered by hesitation due to slow infrastructure reforms and weak governance. One year after the fall of the Assad regime, Syrian businessmen's choices cannot be reduced to a simple return-or-stay binary; they reflect complex risk management in a transitional environment marked by high uncertainty and uneven recovery between Syria and Türkiye. Quantitative and qualitative data show that most Syrian investors adopt a dual model, retaining an operational base in Türkiye while transferring selected activities to Syria to test the market. This approach allows them to seize emerging opportunities without assuming full risk—a clear shift in strategy after Syria's liberation, aiming to relocate the bulk of operations to Syria while maintaining a small base in Türkiye.

The findings also indicate that investment decisions in Syria, whether partial or full, are driven primarily by national attachment, a sense of responsibility, and the desire to support recovery and exploit opportunities. Yet these decisions are constrained by limited institutional improvements, ongoing legal and bureaucratic challenges, weaknesses in the judiciary and banking sectors, and shortcomings in infrastructure. While Türkiye offers greater institutional stability, it faces rising economic and political pressures that limit its medium-term investment appeal. Syrian investors do not choose between countries; they strategically redistribute their activities across locations and time to minimize risk, maximize flexibility, and ensure a positive impact on Syria's reconstruction while capitalizing on opportunities.

Findings also reveal that the sectors most attractive for partial return are construction, trade, light manufacturing, and supply-chain-related services, while long-term, capital-intensive investments remain very limited. Data also reveal that a clear gap exists between administrative activity in Syria—such as company and project registration—and actual implementation or productive investment. This reflects investor caution and confirms that the Syrian economy remains in a “fragile adaptation” phase rather than a true recovery. The economy is dominated by micro and small enterprises, with limited operational capacity and lacking integrated value chains.

At the governmental level, the findings show that the Syrian government has yet to provide clear investment incentives to engage the private sector or diaspora investors, or to transform Syrian capital abroad from a potential resource into a strategic partner. The absence of a comprehensive economic vision, conflicting decisions, and limited focus on the industrial sector drives investors toward selective or cautious strategies, restricting the expansion of both the tax and investment base. Conversely, the Turkish

government gains economically from ongoing Syrian activity, but this benefit may be undermined politically and socially if communal tensions resurface, posing new challenges.

The findings further show that diaspora contributions to the Syrian economy are not unlimited. Persistent institutional uncertainty diminishes incentives and weakens the desire to return, especially among second-generation investors with weaker ties to the Syrian market. Considering government policies in the first year and the challenges faced, the most realistic scenario over the next five years is “selective recovery,” centered on productive pockets, specific regions, and targeted sectors, led by flexible partnerships between Syrian investors and governments, without full-scale recovery or systemic collapse. Achieving the ideal scenario; “organized breakthrough and productive return” will require sustained effort, commitment, and planning, contingent on genuine institutional reforms that redefine the state’s role and position Syrian capital as a lever for recovery rather than a passive variable.

Accordingly, the findings conclude that the role of Syrian businessmen in the post-liberation phase is neither automatic nor guaranteed. It is shaped by the interplay of government strategy, institutional conditions, public policies, and individual risk assessments. Any approach to economic recovery that overlooks this complexity or relies solely on nationalistic motivations will remain limited in impact and unsustainable.

The findings convey four key policy messages:

- First, Syrian businessmen in Türkiye and the diaspora are the most connected to their homeland, highly knowledgeable, adaptable, and willing to take risks in the Syrian market compared to Arab or foreign investors. Neglecting this group would directly hinder the growth, development, and knowledge-based support of Syrian markets.
- Second, restoring businessmen’s role in recovery requires a clear institutional framework that goes beyond temporary incentives, providing stable, predictable rules and fostering formal recognition and partnership.
- Third, delaying reforms to the investment environment and critical infrastructure will gradually close the diaspora’s window of contribution, particularly for second-generation investors, while missing the opportunity to reform the economy, advance recovery, and potentially trigger the flight of Arab and foreign investments.
- Fourth, managing Syrian capital as a strategic partner rather than a temporary resource is a critical condition for transitioning from a fragile adaptation economy to an organized and sustainable

recovery, as it is better able to understand market needs, committed to its development, and capable of executing projects with high quality and reasonable profit margins.

Based on these findings, we present a set of recommendations for stakeholders and relevant actors:

Recommendations for the Turkish government:

- Review and adjust investment laws and foreign investment promotion policies, evaluating them progressively to encourage Syrian investors to maintain and expand their operations.
- Review and clarify investment laws and regulations to prevent selective interpretation by officials and ensure investor compliance.
- Facilitate administrative and bureaucratic procedures for foreign investors, including early notifications on key tax obligations and other critical matters.
- Establish intermediary offices to provide guidance and mediate disputes, and hold regular meetings between Syrian business representatives and policymakers.
- Promote partnerships between Syrian and Turkish companies, offering joint facilitation for market entry and participation in Syria's reconstruction.
- Introduce incentives for Syrian entrepreneurs to transfer part of their investments to Syria, and simplify the movement of equipment, machinery, and personnel across borders.
- Issue periodic bulletins to update investors on legal changes and address common questions.

Recommendations for the Syrian Government

- Prepare early for the reconstruction phase by creating a supportive legal and administrative environment, and designing equitable development plans that strengthen a balanced economy and improve infrastructure across all governorates and public facilities.
- Implement a government plan to enhance the expertise and capacity of public employees, review hiring practices and workforce numbers, and provide fair options for staff being laid off.
- Support and build a digital government system to reduce bureaucracy, minimize friction between employees and citizens, and curb corruption, bribery, and exploitation of citizens' needs.
- Collaborate with professional financial auditing firms to ensure governance of financial plans according to standards, and issue periodic studies and financial indicators to monitor inflation and annual economic trends.
- There is a clear need to strengthen awareness of individual responsibility at this stage and to gradually prepare citizens to accept the state's new fiscal and revenue policies, in a manner that takes into account their economic conditions and actual capacity to pay.

- Priority should be given to promoting the establishment of holding and joint-stock companies through targeted incentives and facilitation measures, supported by a robust legal framework that protects shareholders' rights, and by granting these entities preferential access to infrastructure projects in light of their ability to deliver multiple projects at competitive costs relative to foreign companies.
- Strict governance is required for infrastructure rehabilitation, expansion, and reconstruction projects, ensuring full compliance with international standards and approved technical specifications, alongside continuous oversight of implementation and the application of phased evaluation frameworks that safeguard quality and long-term sustainability.
- Reviewing and strengthening commercial and intellectual property protection laws to ensure the protection of corporate rights and products.
- Reform the tax system and provide incentives for Syrian companies relocating operations to Syria, as well as for their imports and exports.
- Consider expanding and developing industrial cities, equipping them with necessary logistics, and providing fuel subsidies for industrialists and farmers.
- Revise commercial and real estate laws, accelerate dispute resolution, and ensure the restoration of rightful claims.
- Monitor and hold accountable former business figures linked to the Assad regime or its networks.
- Review laws protecting employees and investors to prevent exploitation by any party.
- Hold regular meetings with diaspora investors and business representatives to identify their needs and communicate government priorities.
- Establish an economic research and monitoring center to conduct regular, transparent market studies and publish reports on economic developments, enabling investors to understand the market and its dynamics.

For Syrian businessmen in Türkiye:

- There is a need to establish a representative umbrella organization for Syrian businessmen to advocate for their interests, strengthen existing associations, and provide support to reduce obstacles, secure necessary facilitation, and enable active, sustained participation in economic activities.
- Set up a legal office or organization offering free or low-cost services to help foreign investors understand laws, resolve issues, and mediate with officials and decision-makers to reduce bureaucratic obstacles.

- It is essential to protect Syrian workers in Türkiye, safeguard their rights, improve working conditions, and prevent exploitation.
- Provide training for accountants working with foreign investors, familiarizing them with standard administrative procedures, including work permits.
- Enhance the performance of financial consultants serving foreign investors, and establish a recourse mechanism in cases where poor performance causes employer losses.
- Publish regular bulletins to update Syrian businessmen on legal and regulatory changes, as well as available grants and support packages.

For businessmen planning partial or full relocation to Syria:

- Economic experts advise starting with small-scale projects with minimal fixed costs, especially in the industrial sector, to mitigate losses due to market instability, and expand gradually in line with economic recovery.
- Enter the Syrian market early but cautiously, keeping expectations realistic, anticipating potential obstacles, and thoroughly studying the market to understand emerging changes, in order to invest with full awareness and preparedness.
- Recognize the high demand for investments in vital sectors, directly or indirectly, such as import activities and infrastructure, and seize opportunities in promising areas like private security, training, consulting, and market research.
- Ensure short operational cycles and clear cash collection timelines to minimize exchange rate risks and reduce potential losses.
- Reduce fixed costs during the establishment and launch phases to ensure the resilience of these emerging investments.
- It is essential, based on the ethical responsibility of Syrian investors, to initiate plans for developing a skilled workforce within Syria by building teams from the ground up, bearing the associated costs and efforts, and integrating local teams with those experienced abroad to leverage their expertise for developing skills and capabilities, despite the time, effort, and resources required.
- Take the initiative to seek foreign investors, pursue partnerships with them, and leverage their interest in such collaborations.



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