

SYRIA

Ongoing chaos and the devastation of conflict preclude ranking Syria in the 2020 *Index*. In addition to its horrific death toll, the long civil war has caused the near collapse of economic output in Syria. With fighting becoming more geographically restricted, the economy is beginning to recover. The Assad regime controls southern, western, and central Syria, largely due to support from Russia and Iran. As a result, a de facto partition of the country into a Turkish-backed rebel-held area in the North, a mainly Kurdish area in the East, and the government-held West will probably take hold.

The World Bank estimates the cumulative GDP loss from 2011 to 2016 at \$226 billion. Reconstruction in areas controlled by the regime will cost an estimated \$390 billion and is expected to accelerate in 2020. Russian and Iranian businesses will secure key infrastructure and energy investment deals but will have to compete with Gulf businesses as well as businesses from China and India.

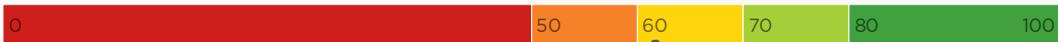
WORLD RANK: **N/A** REGIONAL RANK: **N/A**

ECONOMIC FREEDOM STATUS: **NOT GRADED**

ECONOMIC FREEDOM SCORE

N/A

NOT GRADED THIS YEAR



WORLD AVERAGE

61.6

61.8

REGIONAL AVERAGE
(MIDDLE EAST/
NORTH AFRICA REGION)

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
18.3 million

UNEMPLOYMENT:
8.1%

GDP (PPP):
\$64.5 billion
5.0% growth in 2018
5-year compound
annual growth -3.1%
\$3,520 per capita

INFLATION (CPI):
0.9%

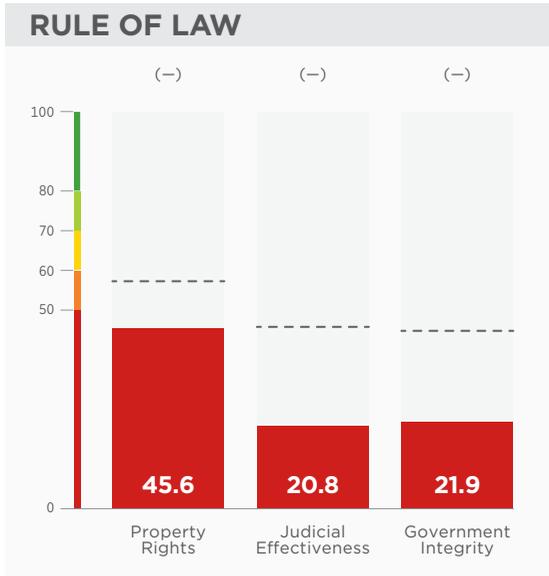
FDI INFLOW: n/a

PUBLIC DEBT:
130.6% of GDP

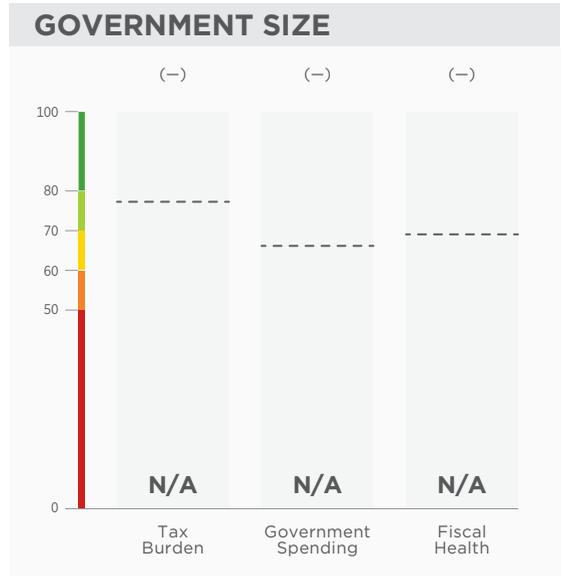
2018 data unless otherwise noted. Data compiled as of September 2019

BACKGROUND: The Assad family has ruled Syria since Hafez al-Assad's military coup in 1970. Bashar al-Assad succeeded his father in 2000 but failed to keep his promises to open the socialist economy and ease political repression. A brutal crackdown after 2011's Arab Spring protests sparked an armed uprising against Assad that by 2012 had become a sectarian civil war between the predominantly Sunni rebels and the Alawite-dominated regime. Assad's regime, supported by Iran, Russia, and Hezbollah, has largely defeated the fractured armed opposition. The conflict has killed more than 500,000 Syrians and driven nearly 5.5 million refugees out of the country. Syria's economy declined by more than 70 percent from 2010 to 2017.

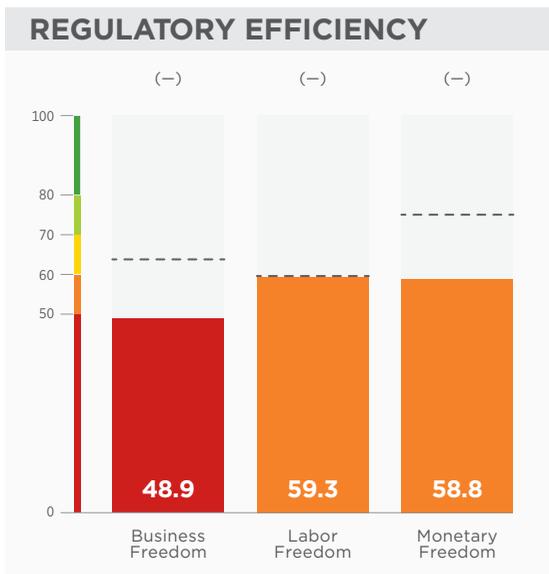
12 ECONOMIC FREEDOMS | SYRIA



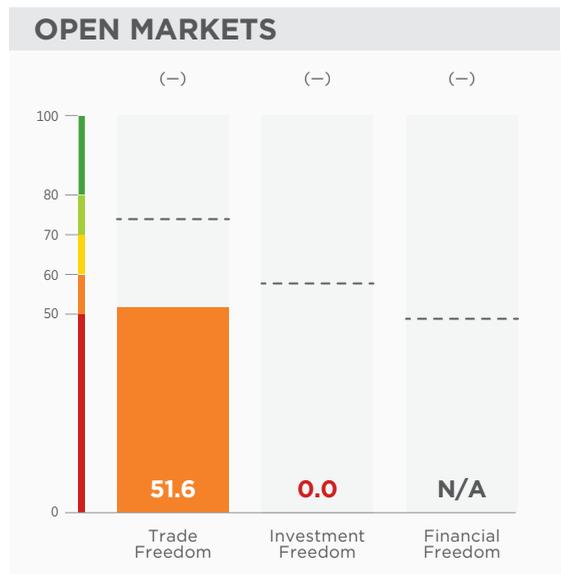
The rule of law is weak, and corruption is pervasive. Property rights have been ignored throughout the civil war. Militias extort businesses and confiscate private property to varying degrees. Leaders of the regime's constitutionally protected Baath Party dominate the judiciary and all other branches of government and act with impunity. Those who question or act against state policy face harassment, imprisonment, or death.



Economic policy has focused on protecting the regime and maintaining the military's fighting capacity. Government spending has been driven by the regime's political concerns and the need to protect its own interests. Budget revenue from oil and taxes has severely diminished. Faced with limited financial resources and ongoing international sanctions, the regime continues to rely partly on Iranian financial support and Russian loans.



Resolution of the ongoing conflict is necessary for the business climate to recover. Before the war, the business environment lacked transparency and efficiency. Functioning labor markets are limited to specific parts of the country and subject to heavy state interference and control. The 22 percent 2019 budget increase was caused mostly by higher subsidies for wheat and flour, which left little spending room for other government priorities.



Political instability, exacerbated by the ongoing civil war and mounting security threats, is a significant impediment to trade and investment. The Assad regime's brutality and economic mismanagement have caused the near collapse of the economy. The financial infrastructure has been significantly degraded by unstable political and economic conditions. Severely limited access to financing impedes any meaningful private business development.