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The Impact of the Regional Conflicts on Syria

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Since the beginning of the U.S.-Israeli attack on Iran on February 28, the Syrian government has tried to avoid entanglement in a conflict that could derail the country's fragile political transition process.

Unsurprisingly, Syria has expressed solidarity with Gulf states targeted by Iran and refrained from condemning strikes against Iranian territory, although it hasn't expressed outright support for the attacks. This aligns with Syria's own balancing act since the fall of the Assad regime in 2024 as it has tried to maintain good ties with all major regional and global actors whatever their position was during the Syrian conflict - including the U.S., Russia, China, Turkey, Qatar, the UAE and Saudi Arabia - except for Israel and Iran.

The Syrian authorities have also tried to present the conflict as a potential source of economic gains as it could help redirect oil flows through Syrian territory and generate new trade opportunities.

However, Syria's geographic situation and the fragility of its political transition make it unlikely it will remain immune from the conflict's spillovers.

Rather than offering opportunities, the regional conflict, which has also engulfed neighbouring Lebanon, will leave significant political, security, and economic marks on Syria.

Political and security risks

While Syria has avoided any direct implication in the conflict, it has not been entirely unaffected. Several Iranian missiles were intercepted over its territory, while Israel has conducted strikes against government troops in the south of the country¹, accusing them of approaching too closely to the Druze-majority Suweida governorate. In addition, the IDF has used Syrian territory to attack Hezbollah in Lebanon².

Therefore, even if it is not directly involved in the conflict, Damascus is still considered part of the broader theatre of operations.

¹ Israel strikes Syria after Druze clashes, BBC, March 20, 2026, <https://www.bbc.com/news/articles/c248pgn158go>

² The tension rising between Syria and Hezbollah in the shadow of the Iran war, the National, March 13, 2026, <https://www.thenationalnews.com/news/mena/2026/03/13/syria-iran-hezbollah-hts/>

The announcement by the Syrian government of a military deployment along the Lebanese and Iraqi borders to secure them³, combined with reports that the U.S. is seeking to push the Syrian army to intervene in Lebanon and contribute to disarming Hezbollah⁴, have generated anxiety in Beirut that Damascus was seeking to occupy Lebanon.

Some analysts in Damascus have even suggested that the Israelis may try to trade Suweida for Hezbollah. In other words, encouraging the Syrian government to help them disarm the Lebanese militia in exchange for Tel Aviv letting Damascus take back the Druze-majority province, which remains the only part of the country outside the control of the Central Government⁵.

Mr Sharaa has called Lebanese political leaders to reassure them, suggesting he is aware of the bad memories left by the Syrian Army's presence in Lebanon from 1976 to 2005⁶.

In any case, this scenario is unlikely to unfold at this stage for different reasons. First, the Syrian Army has barely the capacity to control its own territory, which expanded after the government's takeover of the northeastern areas at the beginning of this year, and it seems therefore difficult to see it embarking on an intervention in Lebanon.

Secondly, while the government sees Hezbollah as a potential threat and Mr Sharaa has publicly supported its disarmament, intervening against Hezbollah while Israel is bombarding it would carry domestic political costs. Syrian society remains largely supportive of the Palestinians struggle and large segments of the current ruling authorities see Israel as a threat, either on ideological or political grounds.

Thirdly, Turkey, which holds very significant influence in Damascus, will likely oppose any move that would provide support to Israel, the two countries being clearly competing for influence and dominance in this part of the Middle East.

On the eastern border, the major risk for Damascus is the presence of pro-Iranian militias in Iraq, which have fired some missiles and rockets on the other side of the border. In late March, for instance, Grad rockets were fired from Rabia, in northern Iraq, at the Kharab Al-Jir military base in Hassakeh, from which US forces [reportedly withdrew](#) in February⁷.

However, tensions appear to be contained at this stage and an agreement between the two countries over the transit of oil products (see below) suggests Damascus and Baghdad have a joint interest in maintaining good ties.

³ Syrian army reinforces positions along borders with Lebanon and Iraq, SANA, March 4, 2026, <https://sana.sy/en/syria/2300356/>

⁴ Exclusive: US encourages Syrian action against Hezbollah, Damascus is hesitant, sources say, Reuters, March 17, 2026, <https://www.reuters.com/business/aerospace-defense/us-encourages-syrian-action-against-hezbollah-damascus-is-hesitant-sources-say-2026-03-17/>

⁵ Interviews by the author with Syrian analysts in Damascus.

⁶ Syria, Lebanon Test Ties Amid Regional Escalation, Asharq Al Awsat, March 13, 2026, <https://english.aawsat.com/arab-world/5250961-syria-lebanon-test-ties-amid-regional-escalation>

⁷ Pro-Iran Iraqi militias expand attacks into Syria, targeting 'Kharab al-Jir' base, The New Arab, March 25, 2026, <https://www.newarab.com/news/pro-iran-iraqi-militias-expand-attacks-syria>

Economic and social consequences

Almost immediately after the beginning of hostilities, gas supplies from Jordan – which are largely believed to be originally extracted from Israeli fields – were suspended following Israel's decision to stop the extraction of gas in several of its fields⁸, although early April production was partly restarted⁹. The volumes amounted to 4 million cubic metres per day¹⁰, representing anywhere from one quarter to one third of gas supplies into Syria's electric grid. This has led to more power cuts across the country, after the Syrian authorities had managed to reduce rationing hours at the end of last year and the beginning of 2026.

Meanwhile, the value of the dollar in the Syrian foreign exchange market has also increased, partly due to a global rise in the value of the greenback. The dollar has already gained 7.8 percent relative to the Syrian Pound, from 11,780 pounds per dollar on the eve of the conflict to 12,700 pounds on April 6¹¹. This increase is three times faster than the rise of 2.5 percent in the dollar index¹² during the same period and is occurring in a period during which the Central Bank of Syria is introducing a new currency¹³.

This means rising inflation for an already impoverished population, particularly because last year Syria grew increasingly dependent on imports (exports surged 44 percent in 2025 according to preliminary data from several of Syria's main trade partners)¹⁴.

Government officials have been promoting the idea that Syria will profit from the war based on its geographic position as it could become a transit hub for energy and trade. Regional oil producers could seek to divest away from the Strait of Hormuz and redirect transit routes towards the Mediterranean, they claim. Already, Iraq and Syria have brokered a deal to ship dozens of thousands of barrels per day through trucks crossing the Syrian eastern desert towards the Tartous Port on the Mediterranean¹⁵.

However, the practical obstacles for Syria becoming a transit hub are substantial.

Transporting oil by trucks is extremely expensive and only a short-term solution; repairing the existing Kirkuk-Banias pipeline, which links Iraq's oil fields in the North of that country with the Mediterranean, would cost an estimated USD 800 million and therefore cannot be a

⁸ Israel suspends Leviathan gas production, Upstream, March 2, 2026, <https://www.upstreamonline.com/production/israel-suspends-leviathan-gas-production/2-1-1952216>

⁹ Israel resumes operations at gas field shut after Iran war began, Alarabiya English, April 3, 2026, <https://english.alarabiya.net/News/middle-east/2026/04/03/israel-resumes-operations-at-gas-field-shut-after-iran-war-began->

¹⁰ Increasing Gas Supplies Raise Doubts About their Actual Source, The Syria Report, January 20, 2026, <https://syria-report.com/increasing-gas-supplies-raise-doubts-about-their-actual-source/>

¹¹ SP Today, <https://www.sp-today.com/>

¹² US Dollar Index Historical Data, <https://www.investing.com/indices/usdollar-historical-data>

¹³ The dollar index is a measure of the value of the dollar relative to a weighted basket of six major foreign currencies.

¹⁴ Analysis: Surge of Imports in 2025, The Syria Report, February 17, 2026, <https://syria-report.com/analysis-surge-of-imports-in-2025/>

¹⁵ Iraq: Oil Trucking to Syria, Middle East Economic Survey, April 3, 2026

short-term solution¹⁶; building a new one would run in the billions of dollars¹⁷ and none of the two countries has the political stability and institutional capacity that would encourage such an investment, in addition to the fact that funding would have to come entirely from one party, Iraq; finally the Gulf's main markets for its oil products are in Asia, not Europe¹⁸.

Some experts have suggested that Syria could profit from the disruptions in maritime trade to boost its exports of agricultural products to the Gulf. The problem is that the new Syrian authorities have shown little interest in boosting their farming sector and that, in the short-term, Syria's agriculture is going to suffer from a potential shortage of fertilisers, much of which are produced in the Gulf.

Another major economic consequence of the war may be lower commitment from Gulf countries to invest in Syria. In the next few years, these countries will be busy rebuilding their destroyed infrastructure. This could translate into reduced aid, investment, and remittances, all of which are critical for Syria's recovery.

Most of the large infrastructure projects signed in the last year, including building several new power plants¹⁹, expanding Damascus airport, and investing in telecom infrastructure, cement and real estate, are funded by Gulf money, mostly Qatari and Saudi. Several of these will now likely be downsized.

This also means that Syria will grow more dependent on Turkey, while until now Mr Sharaa had been trying to play a balancing act to ensure that his country is not made dependent on any single regional actor.

Outlook

As of early April, it was still not very clear how the regional conflict will impact more decisively the security situation in Syria.

In 2024, the defeat of Hezbollah, a key Iranian proxy, in the war against Israel, was a major factor behind the fall of the Syrian regime. Damascus will therefore look with anxiety at potentially emboldened Iran and Hezbollah, should they manage to survive the current American-Israeli onslaught.

However, counter-intuitively, a resurgent, or at least, surviving Iran could also provide some protection for Damascus as Israel will need to remain focused on confronting Tehran, rather than competing with Turkey over influence on Syria.

Economically, contrary to the claims of the Syrian authorities, any potential benefits from the conflict, including increased transit revenues or export opportunities, are largely speculative and long-term, while the downsides, such as inflation and lower investments from the Gulf, are immediate.

¹⁶ Regional Conflict Drives Risks and Windfall Gains in Syria's Oil and Food Sectors, The Syria Report, March 24, 2026, <https://syria-report.com/regional-conflict-drives-risks-and-windfall-gains-in-syrias-oil-and-food-sectors/>

¹⁷ Ibid.

¹⁸ Iraq: Oil Trucking to Syria, Middle East Economic Survey, April 3, 2026

¹⁹ Qatar's UCC Holdings Inks Contracts to Build 8 Power Plants, Construction Works to Start in December, The Syria Report, November 11, 2025, <https://syria-report.com/qatars-ucc-holdings-inks-contracts-to-build-8-power-plants-construction-works-to-start-in-december/>

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