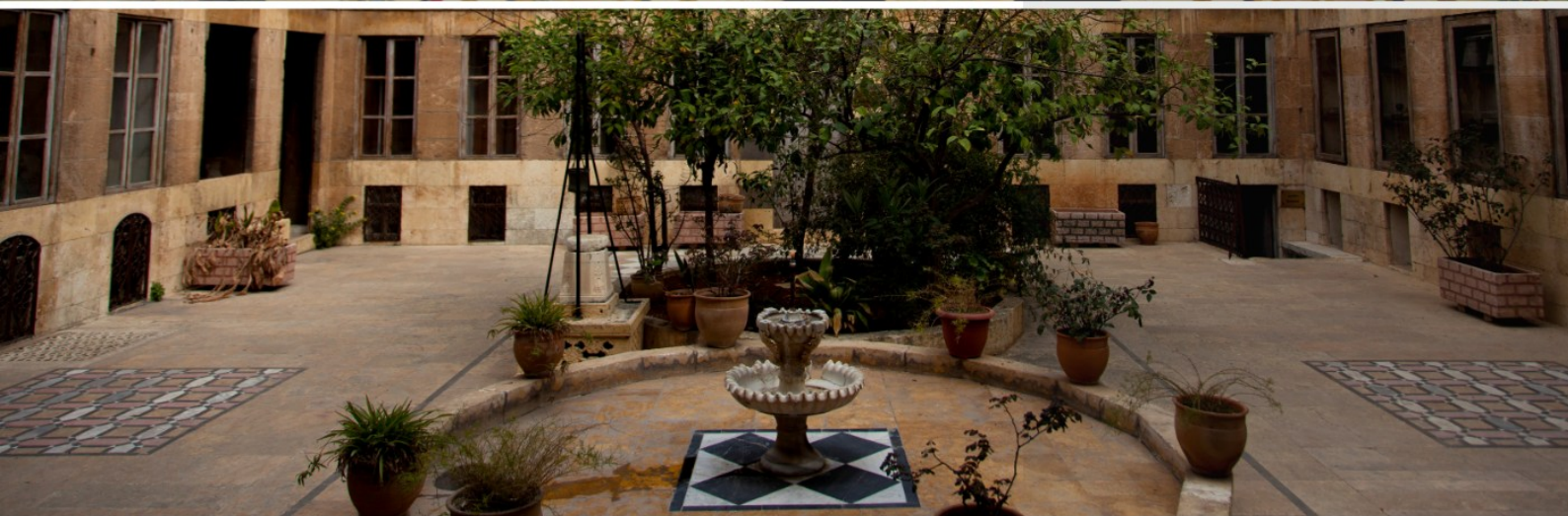




SYRIA SITUATION ASSESSMENT: POLITICAL, SECURITY & ECONOMIC ANALYSIS

As of August 2025

EXECUTIVE SUMMARY

Syria continues to navigate a complex and precarious transition eight months after the fall of Bashar al-Assad's regime in December 2024. While the interim government under President Ahmed al-Sharaa has achieved some international recognition and sanctions relief, the country faces significant challenges across political, security, and economic dimensions that threaten long-term stability.

Key Findings:

- Political transition marked by concerning executive power concentration and ongoing sectarian violence
- Security environment deteriorating with terrorist group resurgence and regional sovereignty violations
- Economic restructuring underway but hampered by structural challenges and humanitarian crisis
- International engagement increasing but implementation challenges persist

The interim government's Constitutional Declaration of March 13, 2025, has drawn criticism for concentrating power in the executive branch and potentially undermining judicial independence. Most concerning is the outbreak of sectarian violence in Sweida province during July 2025, resulting in over 1,426 casualties and requiring Israeli military intervention to protect Druze communities.

Security challenges have intensified with terrorist groups exploiting the transition period. ISIS maintains up to 3,000 fighters across Iraq and Syria, while Al-Qaeda affiliates retain approximately 2,000 fighters. An estimated 5,000+ foreign terrorist fighters remain at large, posing significant risks to regional and international security.

Economic restructuring is being conducted through a secret committee led by President al-Sharaa's brother, which has secured over \$1.6 billion through settlements with Assad-era businessmen. While pragmatic, this approach raises concerns about transparency and governance standards. The lifting of U.S. sanctions has enabled World Bank re-engagement, with the first \$146 million grant approved for electricity sector rehabilitation.

The humanitarian crisis persists with 16.5 million people requiring assistance and over 7.4 million internally displaced. Despite political changes, structural challenges including weak institutions, ongoing conflict dynamics, and regional tensions continue to constrain recovery prospects.

POLITICAL LANDSCAPE AND GOVERNANCE

Transitional Government Structure

The interim government established under President Ahmed al-Sharaa operates under a Constitutional Declaration adopted on March 13, 2025, which has drawn significant criticism from human rights organizations. The framework concentrates power in the executive branch, with the president appointing all seven members of the Higher Constitutional Court without oversight and personally selecting one-third of parliament members.

The five-year transitional period outlined in Article 52 aims to culminate in parliamentary elections scheduled for September 15-20, 2025. However, UN experts have raised concerns about restrictions on free expression, particularly Article 49(3) which criminalizes "glorifying the obsolete al-Assad regime" in terms that could be used to limit freedom of speech.

The transitional framework lacks adequate checks and balances, raising concerns about potential authoritarian consolidation. The president's extensive appointment powers and control over constitutional interpretation mechanisms represent significant departures from democratic governance principles that international partners have emphasized as essential for sustained support.

International Recognition and Diplomatic Engagement

The transitional government has achieved significant diplomatic progress despite governance concerns. The United States revoked the Foreign Terrorist Organization designation of Hayat Tahrir al-Sham on July 7, 2025, marking a crucial step toward normalized relations. The United Kingdom re-established diplomatic relations on July 5, with the first ministerial visit in 14 years.

Syria's foreign policy is undergoing significant recalibration, particularly regarding Russia. During Syrian Foreign Minister Asaad al-Shaibani's July 31 visit to Moscow, both sides agreed to form joint committees to review previous agreements and establish "a new and proper relationship based on mutual respect." Damascus-Moscow relations now focus more on reconstruction cooperation rather than military dependence, with Russia maintaining commitment to Syria's territorial integrity amid Israeli violations.

European engagement has increased following diplomatic recognition, with France and Germany positioned as potential mediators for ongoing internal conflicts. However, international support remains conditional on progress toward inclusive governance and respect for human rights, creating pressure for constitutional reforms.

Sectarian Violence and Internal Security Challenges

July 2025 witnessed the most significant outbreak of sectarian violence since Assad's fall, with intense clashes in Sweida province between Druze militias and Bedouin tribal fighters. Violence that began on July 13 escalated dramatically between July 14-16, prompting Israeli military intervention ostensibly to protect Druze communities. The Syrian government's fact-finding committee reported that more than 1,426 people were killed, mostly civilians, before a U.S.-brokered ceasefire was implemented.

This violence followed earlier sectarian incidents in March 2025, when hundreds of Alawite civilians were killed after government forces deployed to coastal areas following attacks by militias aligned with the former regime. These episodes highlight the fragility of Syria's sectarian balance and the interim government's ongoing struggle to establish unified authority.

The government's response to sectarian violence has revealed institutional weaknesses and limited capacity for crisis management. Multiple ceasefires collapsed before external mediation succeeded, indicating that local power structures retain significant autonomy and central authority remains contested in key regions.

SECURITY ASSESSMENT AND CONFLICT DYNAMICS

Terrorist Group Resurgence and Exploitation

The post-Assad security vacuum has enabled significant terrorist group expansion across Syria. UN Monitoring Team reports indicate ISIS maintains up to 3,000 fighters across Iraq and Syria, with approximately 400 active in northeastern Syria alone. The group has conducted more than 90 attacks countrywide, primarily targeting Syrian Democratic Forces, while exploiting the transition to seize government weapon stockpiles and orchestrate prison breaks that freed approximately 500 ISIS and Al-Qaeda affiliates.

Al-Qaeda's Hurras al-Din affiliate retains approximately 2,000 fighters despite a symbolic dissolution announcement. Most concerning is the estimated 5,000+ foreign terrorist fighters remaining at large, with many from Central Asia maintaining "external ambitions" and operating beyond government control. These fighters pose significant risks of regional spillover and international terrorism, similar to post-conflict scenarios in Afghanistan and Iraq.

Terrorist groups have exploited Syria's transition period for recruitment, weapon acquisition, and operational planning, threatening regional stability and potentially international security. The

presence of foreign fighters with external operational ambitions creates risks of terrorist diaspora effects that could impact global security environments.

Counter-terrorism operations have been hampered by competing priorities, limited resources, and jurisdictional disputes between various security forces. The interim government's focus on political consolidation has diverted attention from comprehensive counter-terrorism strategies, allowing militant groups to exploit security gaps.

Military Integration Challenges

The March 10 agreement between interim President al-Sharaa and Syrian Democratic Forces commander Mazloum Abdi to integrate the Kurdish-led SDF into the national army remains largely unimplemented. Fundamental disagreements persist over military autonomy, with Damascus rejecting SDF proposals to remain a separate military bloc while the SDF insists on local command and control structures.

Key sticking points include control over Arab-majority areas in Raqqa and Deir al-Zour, management of ISIS detention facilities holding thousands of foreign fighters, and integration of all-female Kurdish units incompatible with the new government's Islamist orientation. Joint committees established to resolve these issues by the December 2025 deadline face significant political and practical obstacles.

Failure to achieve SDF integration poses severe risks to northeastern stability and counter-ISIS operations. The SDF currently controls approximately 30% of Syrian territory and maintains critical counter-terrorism capabilities that would be difficult to replace. Military integration failure could trigger renewed conflict and potential Turkish military intervention.

U.S. military presence in northeastern Syria serves as a stabilizing factor for SDF-Damascus negotiations, with American forces providing security guarantees that enable continued dialogue. However, long-term U.S. commitment remains uncertain, creating urgency for sustainable political solutions.

Regional Security Dynamics and Sovereignty Violations

Israeli violations of Syrian sovereignty have intensified, with multiple airstrikes targeting Syrian forces and Iranian-linked assets throughout 2025. The July strikes during Sweida violence marked direct intervention in internal Syrian affairs, drawing condemnation from Turkey and Russia. U.S.-mediated talks between Israeli and Syrian officials in Paris aimed at de-escalation produced no final accord, indicating continued tensions.

Turkey continues operations against Kurdish forces, viewing the SDF as linked to the Kurdistan Workers' Party (PKK). Turkish officials are closely monitoring SDF integration developments, with potential for military intervention if integration fails to meet Turkish security concerns. Turkey-Israel competition over Syrian influence has intensified despite coordination attempts through Azerbaijan-hosted talks.

Regional powers maintain conflicting interests in Syria's transition, complicating stabilization efforts. Iran's reduced influence following Assad's fall has created opportunities for other regional actors, but also uncertainty about long-term strategic alignments and security arrangements.

ECONOMIC CONDITIONS AND RECONSTRUCTION

Secret Economic Restructuring and Asset Recovery

Syria's economic transformation is being orchestrated by a secret committee led by President al-Sharaa's brother Hazem al-Sharaa and sanctioned Australian Abraham Succarieh. The committee has secured over \$1.6 billion through negotiated settlements with Assad-era businessmen, granting immunity in exchange for cash payments and equity stakes rather than pursuing prosecutions.

This approach has enabled the establishment of a presidency-controlled sovereign wealth fund and amendments to investment laws by presidential decree. The committee obtained \$1.5 billion from three major businessmen and \$130 million in equity stakes from palace-linked firms, including the main telecommunications operator. While pragmatic for immediate stabilization, this secretive process has drawn warnings from Western diplomats about potential impacts on foreign investment credibility.

The asset recovery program represents a significant departure from transitional justice principles typically emphasized in post-conflict reconstruction. By prioritizing financial recovery over accountability, the government risks undermining rule of law foundations essential for sustainable economic development and international partnership.

Secret committee operations have enabled rapid resource mobilization but created transparency deficits that may complicate future international engagement. Western governments and multilateral institutions typically require governance standards and oversight mechanisms that conflict with the current secretive approach to economic management.

International Financial Re-engagement and Investment

The lifting of U.S. sanctions through President Trump's June 30 Executive Order "Providing for the Revocation of Syria Sanctions" has opened pathways for international financial engagement. The World Bank cleared Syria's \$15.5 million outstanding debt with payments from Saudi Arabia and Qatar, making the country eligible for new loans after a 14-year hiatus.

The World Bank's first project approval came with a \$146 million electricity sector grant focused on rehabilitating transmission lines and transformer substations. Years of conflict have limited electricity supply to 2-4 hours daily, undermining critical sectors including water, healthcare, and agriculture. The project represents "the first step in a planned increase in World Bank support to Syria."

Gulf investment interest has materialized through Saudi Arabia's investment conference in July, with up to \$6 billion in potential deals across infrastructure, energy, and industry sectors under discussion. However, actual investment flows remain limited pending improved security conditions and governance transparency.

International financial institutions maintain cautious approaches despite sanctions relief, requiring governance improvements and transparency measures before large-scale engagement. The disconnect between Syria's secretive economic management and international standards may constrain future financial flows.

Economic Indicators and Structural Challenges

World Bank projections forecast modest 1% GDP growth for 2025 following a 1.5% contraction in 2024. Inflation has decreased to 15.87% in February from 22.70% in January 2025, though economic fundamentals remain weak. Recovery is constrained by damaged infrastructure, limited institutional capacity, and ongoing security challenges.

The dismantling of Assad-era Captagon trafficking networks presents both opportunities and challenges. While new authorities have made strides in disrupting production facilities, remnants of trafficking networks persist in areas beyond government control, particularly in the Syrian Desert and border regions. The loss of Captagon revenues, estimated in billions annually under Assad, creates fiscal gaps requiring alternative revenue sources.

Currency stability remains precarious despite recent improvements, with the Syrian pound subject to regional economic pressures and limited foreign exchange reserves. Banking sector rehabilitation is essential for economic recovery but requires substantial international support and regulatory reforms.

Employment generation represents a critical challenge, with limited formal sector opportunities and widespread dependence on humanitarian assistance. Youth unemployment and limited economic prospects contribute to social instability and potential recruitment by extremist groups.

HUMANITARIAN SITUATION AND DISPLACEMENT

The humanitarian crisis persists despite political transition, with 16.5 million people requiring humanitarian assistance according to EU data. Internal displacement affects 7.4 million people, while more than 4.5 million Syrians remain registered as refugees in neighboring countries. The scale of humanitarian need continues to strain both domestic capacity and international response mechanisms.

Return patterns show over 2 million people (1.47 million IDPs and 600,000 refugees) have returned to their areas of origin since November 2024, with UNHCR projecting up to 3.5 million total returns by end-2025. However, sectarian violence, drought, and catastrophic wildfires in Latakia have caused new displacement, undermining recovery progress and creating complex population movement dynamics.

Food insecurity affects over half the population (23.7 million), with nearly 3 million people projected to be severely food insecure. The World Food Programme's emergency response reaches 3.5 million people monthly, including subsidized bread programs critical for social cohesion. However, funding shortfalls threaten program suspension, with WFP requiring \$50 million by August to avoid pipeline breaks.

The 2025 humanitarian appeal of \$3.19 billion remains severely underfunded at only 11% coverage, constraining response capacity amid persistent access limitations in conflict-affected areas, particularly Sweida province where access remains "constrained due to security concerns." Limited funding threatens essential services including healthcare, education, and water provision.

Healthcare systems remain severely compromised after years of targeted attacks during the conflict. Medical facilities operate at reduced capacity with limited supplies and personnel, while epidemic risks persist due to inadequate sanitation and overcrowding in displacement sites. Mental health needs are particularly acute given widespread trauma and ongoing uncertainty.

Education sector recovery faces substantial challenges with damaged school infrastructure, limited teaching materials, and interrupted learning affecting an entire generation. Child protection concerns persist in displacement sites and areas affected by ongoing violence, requiring sustained international attention and support.

REGIONAL AND INTERNATIONAL IMPLICATIONS

Middle East Strategic Realignment

Syria's transition is reshaping regional dynamics, with traditional alliances under strain and new partnerships emerging. The recalibration of Syrian-Russian relations reflects Damascus's desire for more balanced partnerships, while Turkey and Israel face increasing competition over Syrian influence despite attempts at coordination through Azerbaijan-hosted talks in April.

Iran's significantly reduced influence following Assad's fall has created opportunities for other regional actors but also uncertainty about long-term strategic alignments. Gulf states, particularly Saudi Arabia and the UAE, are positioning themselves as key reconstruction partners, potentially reshaping Syria's regional orientation toward the Arab world rather than the Iranian axis.

U.S. policy remains focused on counter-terrorism and SDF protection, with American military presence in northeastern Syria serving as a stabilizing factor for SDF- Damascus negotiations. European engagement has increased following diplomatic recognition, with France and Germany positioned as potential mediators for SDF integration processes and broader stabilization efforts.

Counter-Terrorism and Security Implications

The terrorist group resurgence poses significant international security risks extending beyond Syria's borders. ISIS exploitation of Syria's transition period for recruitment, weapon acquisition, and operational planning threatens regional stability and potentially international security. The presence of 5,000+ foreign fighters, many with external operational ambitions, creates risks of terrorist diaspora effects similar to post-conflict Afghanistan and Iraq.

Al-Qaeda's persistence in northwest Syria, despite HTS's official transformation, maintains another terrorism concern, particularly given reports of coordination with international Al-Qaeda networks and potential relocation plans to Afghanistan or Africa. Counter-terrorism cooperation between international partners remains essential for managing these threats.

Regional spillover risks are elevated given porous borders and cross-border networks that terrorist groups have exploited. Iraq, Jordan, and Lebanon face particular vulnerabilities from Syrian instability, requiring enhanced border security and intelligence cooperation to prevent terrorist infiltration and operations.

The management of foreign terrorist fighters and their families detained in SDF- controlled facilities represents a critical international challenge. Repatriation programs remain limited, while detention conditions deteriorate, potentially creating radicalization risks and humanitarian obligations that complicate counter-terrorism efforts.

FORWARD-LOOKING ASSESSMENT AND STRATEGIC RECOMMENDATIONS

Political Trajectory and Democratic Transition

Syria's political trajectory remains highly uncertain with several critical indicators requiring close monitoring. The September parliamentary elections will provide a crucial test of the interim government's commitment to inclusive governance and democratic norms. International observation and support for electoral integrity will be essential for legitimacy and continued international engagement.

Executive power concentration represents the most significant risk to democratic transition, with limited checks and balances increasing prospects for authoritarian consolidation. International actors should condition continued recognition and aid on constitutional reforms ensuring judicial independence and legislative oversight mechanisms.

Security Outlook and Integration Challenges

Success in SDF integration by the December 2025 deadline will prove crucial for northeastern stability and counter-ISIS operations. Failure could trigger renewed conflict and Turkish military intervention, potentially creating new displacement and undermining counter-terrorism efforts. Enhanced international mediation, particularly U.S. facilitation of SDF-Damascus negotiations, is essential to prevent conflict resurgence.

Sustained international cooperation on counter-terrorism, foreign fighter management, and border security remains critical given terrorist group exploitation of transition dynamics. Regional coordination mechanisms should be strengthened to address cross-border threats and prevent terrorist spillover effects.

Economic Recovery and Governance Transparency

Economic recovery faces structural challenges despite international engagement and sanctions relief. The secret nature of economic restructuring, while potentially effective for immediate stabilization, may undermine long-term investment confidence and transparency requirements for sustainable development.

Donor coordination should emphasize governance transparency and institutional capacity building alongside infrastructure reconstruction to ensure sustainable development outcomes. International financial institutions should maintain governance conditionality while providing necessary support for humanitarian and reconstruction needs.

Strategic Recommendations

1. **Political Transition Support:** International actors should condition continued recognition and aid on constitutional reforms ensuring judicial independence and legislative oversight mechanisms.
2. **Security Sector Integration:** Enhanced international mediation, particularly U.S. facilitation of SDF-Damascus negotiations, is essential to prevent northeastern conflict resurgence and maintain counter-terrorism capabilities.
3. **Counter-Terrorism Coordination:** Sustained international cooperation on counter- terrorism, foreign fighter management, and border security remains critical given terrorist group exploitation of transition dynamics.
4. **Economic Transparency:** Donor coordination should emphasize governance transparency and institutional capacity building alongside infrastructure reconstruction to ensure sustainable development and investment confidence.
5. **Humanitarian Response:** Increased funding for humanitarian appeals and return programs is essential to stabilize population movements and prevent further displacement while supporting recovery efforts.
6. **Regional Diplomatic Engagement:** Continued mediation of Israeli-Syrian tensions and Turkish-Kurdish conflicts through international frameworks can reduce escalation risks and support stabilization efforts.

Syria's transition remains at a critical juncture where international engagement and support can significantly influence outcomes toward stability and democratic governance. However, continued challenges require sustained attention and coordinated response from the international community to prevent regression toward authoritarianism or renewed conflict.

The next six months will prove decisive for Syria's trajectory, with parliamentary elections, SDF integration deadlines, and regional diplomatic initiatives creating opportunities for progress or risks of deterioration. International partners must balance support for stabilization with insistence on governance standards essential for long-term peace and prosperity.

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