PRIF spotlight

LIFTING SANCTIONS, HOLDING THE LINE

Shaping EU Credibility in Post-Assad Syria

The world's major sanctioning countries recently showed political willingness to take a leap of faith towards Syria. On May 20, 2025, the European Union (EU) announced to lift its economic sanctions on Syria. Despite the country's need for economic recovery, sectoral violence and human rights violations continue, while the post-Assad power vacuum is at risk of being exploited by groups battling for influence. To signal credibility in this uncertain situation, the EU approach towards Syria requires reliable commitments and a nuanced dual-track approach involving both the lifting of economic sanctions and possibly new listings under the EU's horizontal sanction regimes.

EU High Representative for Foreign Affairs and Security Policy, Kaja Kallas, speaks to the press during a meeting of the EU Foreign Affairs and Defence Council in Brussels, Belgium, on 20 May 2025. The foreign ministers of the EU member states decided to lift economic sanctions against Syria. Photo: © EPA-EFE/OLIVIER HOSLET.

BY FRANZISKA F. N. SCHREIBER

Since Bashar Al-Assad's overthrow in December 2024, Hayat Tahrir al-Sham (HTS), the armed jihadi group that led the offensive against Assad's military, has taken *de facto* control of the government. Under the lead of the interim president Ahmed al-Sharaa – a former rebel leader who once belonged to Al-Qaeda – an agenda towards a political transition has been announced by the new authorities. Given the need to rebuild the shattered economy in the war-torn and heavily sanctioned country, a public debate around the appropriate timing, pace, and scope of sanctions relief has emerged.

The Syrian case is somewhat new terrain and holds innovative potential to set a precedent, as it is far from standard that sanction easing is discussed in the context of facilitating the economic recovery of a sanctioned country. For the EU, it is a crucial moment to showcase sound balancing between lifting sanctions for the sake of economic recovery and signaling a leap of faith towards the transitional Syrian authorities. The latter is coupled with clear expectations towards the inclusivity of the promised political transition and claims for accountability for continuing transgressions.

WALKING A FINE LINE

Economic recovery in Syria is imperative for fostering domestic and regional stability and for alleviating civilian suffering. Already in 1979, Syria was designated as a state sponsor of terrorism by the United States (US). Since then, it became gradually entangled in a web of partially overlapping sanctions by the US, EU, UK, Canada, and others. The US Caesar Syria Civilian Protection Act of 2019 (Caesar Act) expanded and systematized secondary sanctions, which may target both companies and individuals from third countries in their economic business relations with Syria. The lifting of EU sanctions on Syria is important because the EU's economic clout in Syria is, for historical and geographical reasons, much greater than that

EU SANCTIONS ON SYRIA

EU restrictive measures (sanctions) on Syria were first introduced in 2011 following the Arab Spring uprising and violent repression but were ratcheted up in the following years. Most sanctions on the books against Syria were imposed to internationally isolate Assad's brutal regime. In contrast to the US, the EU's sanctions on Syria are more targeted and less interwoven. They can be broadly categorized in individual listings for natural or legal persons and broader sectoral measures. The former comprises asset freezes as well as visa and travel bans, and the latter covers economic and financial measures such as arms embargo and export and import restrictions, for example in the transportation or chemical weapons sector.[1] While individual sanctions will have a negligible impact on economic recovery, the lifting of sectoral sanctions is the most potent lever in terms of economic stimulation.

of the US, which had only limited direct trade with Syria.[2] The lifting of economic sanctions is *the* central lever for stimulating the Syrian economy and for formally reintroducing the country into international society. This, in turn, will allow the new Syrian authorities to realize their agenda and to garner public support and legitimacy as the bedrock of a credible government.[3] Now that the Assad regime at which sanctions were primordially directed has been overthrown, sanctions relief is considered by many to be a matter of due process, which makes public communication on continued or new restrictive measures particularly important.

Despite the promises made by the new Syrian authorities, however, it is still far from certain whether they will manage to follow through with their announced agenda, or whether the country will relapse into chaos. Sanction lifting signals a step towards recognizing the new authorities, a process complicated by the fact that HTS was formerly affiliated with Al-Qaeda and is still designated as a terrorist organization by the UN, the US, and the EU, among others. Given the lack of governmental control over the entire country's territory, the Islamic State of Iraq and Syria (ISIS) and other non-state actors find themselves provided with a window of opportunity to gain ground.[4] It is still uncertain whether a resurgence of ISIS can be prevented,[5] while the risk that HTS may defect to Al-Qaeda still lingers. Additionally, the group is responsible for having committed crimes, for example in Western Aleppo in early 2020.[6]

On top of this, the heated debate around sanction lifting is connected to broader regional geopolitical developments. The situation in Syria has been instrumentalised by international actors vying to fill the power vacuum in the region.[7] US President Trump, for instance, may use sanction lifting to compel al-Sharaa to reach a peace deal with Israel, although Israel is cautious of sanction easing in the fear of a recurrence of jihadist power in Syria.[8] Meanwhile, actors such as Russia and Iran are likely ready to step in if Western actors fail to take substantial moves, and to provide Syria with critical resources, as they have no sectoral sanctions in place.[9]

In this complex environment, the EU must walk the fine line between signaling encouraging and reliable decisions to the world on which economic operators and donor states may build, and holding responsible actors to account for war crimes and human rights violations in accordance with the EU's value-driven approach to foreign policy. Because the EU has been faced with criticism for double standards and selective sanctioning in the past, the current situation grants the opportunity to set a precedent. To foster credibility as an international actor, the EU may be well advised to rely on a double-track approach, thereby signaling both encouragement and normative coherence to Syria and the broader international public.

A bank teller counts Syrian pound banknotes at the Syrian Central Bank in Damascus, Syria, 09 January 2025. Employees are complaining about the delay in receiving salaries and the lack of a stable currency. Photo: © EPA-EFE/AHMAD FALHALA.

STEPS TAKEN BY THE EU

Compared to the imposition of sanctions, the act of easing sanctions tends to be a trickier, more halting and less formalized process.[10] In this context, suspending sanctions means the temporary interruption of the application of sanctions but does not terminate and lift them. That the process of easing sanctions is more of a gradual than a dichotomous process is shown by current developments.

On February 24, 2025, the EU's Foreign Affairs Council agreed to apply a gradual approach to suspend sectoral measures on the Syrian financial, energy, and transport sectors.[11] Following the Council Statement on May 20 and the press release on May 28, all economic sanctions on Syria have been lifted, with the exception of those imposed on security grounds,[12] including arms trade, surveillance equipment, and internal repression.[13] Additionally, the funds of 24 entities were released from asset freezes, including the Syrian Central Bank.[14] The Council prolonged the listings of individuals and entities with links to the former Assad regime for one year. In addition, two individuals and three entities were listed under the EU Global Human Rights Sanctions Regime (EUGHRSR) due to serious human rights violations. On June 23, five more Syrian individuals responsible for committing serious human rights violations under the former Assad regime, for fueling sectarian violence in March 2025 and for supporting crimes against humanity under the former Assad regime were listed under the EUGHRSR.[15]

CHALLENGES AHEAD

Now that decisions on lifting sanctions have been taken by the EU, it must not lose track of the challenges ahead in the upcoming implementation phase. To bridge the continuous uncertainty and volatility in Syria, attentive monitoring by the EU institutions is imperative. Additionally, the EU should adopt a nuanced policy towards Syria based on a dual-track approach. On the one hand, this entails the gradual phasing out of sanctions under the current regime. On the other hand, a conditional approach requires the EU member states – depending on the developments on the ground – to find consensus on the adoption of new listings on individuals or entities related to the current Syrian context. Thereby, the EU will signal commitment to hold the Syrian authorities and other actors on the ground accountable for their actions. By making use of the "sword of Damocles effect", the EU may be able to maintain the political leverage that it forfeits by lifting sanctions.

Meanwhile, in the interests of credibility, the EU must ensure that the adoption of new listings in the context of ongoing atrocities are not mistaken for continued sanctioning of Syria. Generally, imposing sanctions under the umbrella of a geographically anchored regime may be perceived as action against the government and thus may hurt bilateral relations. In the wake of Assad's overthrow, the imposition of new restrictive measures under the current geographical sanction regime on Syria may raise concerns of appropriateness. Instead, the signaling function of sanction decisions may, wherever applicable, be sharpened by targeting perpetrators with the most specific sanction regime at the EU's disposal. Specifically, four horizontal and thematic sanction regimes with global scope and the option for individual designations run in parallel to the EU's geographical sanction regimes; namely the regimes on human rights, terrorism, cyberattacks and the proliferation and use of chemical weapons. Listing individual perpetrators under such thematic regimes may facilitate public communication on further measures imposed for accountability purposes. Initial steps into the direction of leveraging horizontal sanction regimes have been made in past years by listing some Syria-affiliated natural and legal persons under the chemical weapons regime,[16] and recently by the adoption of new listings under the EUGHRSR.[17]

STEPS TAKEN BY THE US AND UK

Syria has been sanctioned bilaterally and multilaterally by several actors that have variously reacted to the fall of the Assad regime and lifted their sanctions against Syria to different extents. The US reaction so far included the issuance of time-limited waiver provisions and General Licenses (GL). The current GL 25 issued on May 23 authorizes transactions formerly disallowed by the Syria Sanctions Regulations. On the same day, the US suspended secondary sanctions under its Caesar Act for a duration of 180 days. The UK lifted sanctions against the Syrian Central Bank on March 6, and those on further government institutions on April 24, including the lifting of sanctions against the Syrian Ministries of the Interior and of Defense.[18] With this significant step, the UK was the first country to unfreeze the entirety of the Central Bank's assets.[19]

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As the effects of sanction easing are known to slowly materialise on the ground, the stigmatising effects of sanctions can be tenacious. This is shown by the EU's first wave of sanction suspension in February 2025 which resulted in poor relief effects.[20] Also, the sanctions and their lifting are situated in a context of widely established domestic corruption and money laundering,[21] and Syria still remains on the Financial Action Task Force's grey list of jurisdictions under increased monitoring.[22] This poses the additional challenge for the country to prevent the misappropriation of now-unfrozen funds. Timid sanction lifting alone will therefore neither suffice to enable the country's comprehensive economic recovery nor allow international investors and donor states to build sufficient confidence in the merits of reengagement. As long as the US Caesar Act with its corresponding secondary sanctions is not permanently repealed by congressional vote,[23] economic operators are likely to remain hesitant and risk-averse vis-à-vis any reengagement in Syria that may unintentionally violate the law's provisions.[24] Hence, for sanction lifting to have a meaningful impact, Syria is in need of stable, sustainable, and reliable lifting commitments by the sanctioning parties to enable economic operators to overcome the current state of uncertainty, regulatory overcompliance and reticence.

To conclude, the decision to lift sanctions on Syria presents the EU with the need to strike a sound balance between different factors shaping EU credibility: signaling confidence on the one hand and demanding accountability on the other hand. A nuanced, two-tiered approach consisting of successive sanction lifting and new listings under horizontal sanction regimes, wherever applicable, may serve to bridge Syria's still uncertain transition phase. If the cards at hand are played right, the critical juncture at which the case currently stands will grant the exceptional chance to qualitatively advance EU sanction policing.

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