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US lifting of sanctions on Syria Impact on Lebanon

U.S. President Donald Trump's recent decision to lift sanctions on Syria has triggered a wave of cautious optimism across the region—especially in Lebanon, which has endured years of economic hardship partly due to the neighboring war. The Syrian conflict had paralyzed Lebanon's import-export capacity, primarily by cutting off the critical overland transit route to the Gulf, among other economic disruptions.

Lebanon is poised to benefit significantly from this policy reversal, but experts warn that such gains depend on Lebanon's readiness to implement long-demanded reforms and to reassert the authority of the state across its territory.

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Caesar Act: The Legal and Political Challenge

One of the most damaging sanctions on Syria had been the Caesar Act, passed by the U.S. Congress. The law imposed severe restrictions on economic dealings with the Assad regime, effectively isolating Syria and impacting Lebanon due to deep economic interdependence.

Because the Caesar Act is a congressional statute, repealing it requires new legislation—something that could take considerable time. By contrast, sanctions enacted through executive orders can be reversed at the president’s discretion. Preparatory work to lift some restrictions has reportedly begun at the U.S. Treasury and other agencies, but a full rollback is still pending.

Refugees and Financial Channels



Lebanon hosts a large number of Syrian refugees, a burden that may finally ease. With sanctions lifted, financial transfers through Syria are now possible, potentially streamlining efforts to encourage voluntary returns.

The refugee issue remains complex. Many displaced Syrians in Lebanon hail from areas devastated by the Assad regime or left Syria during the revolution. Some fled the old regime, while others oppose the new leadership. Their return is far from guaranteed, especially for those with known affiliations to Assad, Hezbollah, or Iran-backed groups—unless dramatic political shifts occur.

Energy and Infrastructure Integration



From an economic standpoint, Lebanon could see immediate benefits from revived regional infrastructure projects. Key initiatives include The Arab Gas Pipeline and fiber-optic network linking Lebanon and Iraq.

The long-awaited five-nation electricity connection—linking Lebanon to Jordan and Egypt—could finally move forward, especially now that sanctions hampering the energy sector are being reconsidered. The initiative, backed by Egyptian President Abdel Fattah el-Sisi and Jordan’s King Abdullah, has been in negotiation for years.

Lebanon’s top priorities in light of the policy shift:

1. Importing electricity from Jordan through Syria.
2. Transporting natural gas via Syria and building a modern gas-powered plant.
3. Reopening talks on the Iraq–Lebanon oil pipeline and reactivating the Beddawi refinery in Tripoli.

Rebuilding Syria: A Role for Lebanon

Lebanon is strategically placed to participate in Syria’s reconstruction. Beirut and Tripoli ports could serve as key logistics centers—offering cheaper and faster access to Damascus than Syria’s own ports in Latakia and Tartus. The long-discussed revival of Qlayaat Airport would further enhance cross-border trade and travel.



UAE and CMA CGM Enter Syrian Port Market

In a related development, UAE-based port operator DP World signed a memorandum of understanding with Syria's new government for an \$800 million investment in the port of Tartus. The agreement includes development, management, and operation of a multipurpose terminal. The deal aims to enhance port infrastructure and boost Syria's position as a regional trade hub. It also includes plans for industrial zones, free zones, dry ports, and logistics centers.

This follows an earlier move by French shipping giant CMA CGM, which signed a new 30-year agreement with the Syrian government to manage and expand the Latakia container terminal—a facility it has operated since 2009.

Possible Downsides for Lebanon

Despite the potential benefits, Lebanon may face some drawbacks. If Syria stabilizes and reopens to tourism, it could divert visitors away from Lebanon. Beirut Airport, once a primary gateway for Syrian travelers, might lose traffic. Similarly, financial flows that once passed through Lebanon's banking system may shift to Syrian institutions, though Lebanese banks with Syrian branches could recover some of this business.

Conclusion

While the road ahead remains uncertain—especially with regard to the pace of legislative changes in the U.S.—the lifting of sanctions marks a new chapter for Syria and an opportunity for Lebanon. If Lebanon can capitalize on regional momentum and implement overdue reforms, it may emerge as a major player in the post-sanctions Middle East.