

## Record Tariffs on Syria: US Escalation or Trade Calculations?





In a move that has stirred wide debate in business and economic circles, the Trump administration has issued a new tariff schedule covering more than 40 countries, including 14 Arab nations. Tariff rates ranged from a minimum of 10%—as in the cases of Egypt, Saudi Arabia, the United Arab Emirates, and Qatar—to over 30% in countries such as Iraq, Tunisia, Algeria, and Libya.

Most strikingly, Syria was ranked as the highest in the world, facing a tariff rate of 41%, surpassing even countries Washington deems its “most challenging” trade partners.

Although Syria topped the US tariff list, many observers believe this move was not without precedent. Damascus itself imposes steep tariffs on US products—up to 81%—which the Trump administration has cited as justification for a “reciprocal response” to what it calls the “unfair treatment” of American goods.

Yet this reasoning overlooks a fundamental truth in the balance of trade: the United States does not rely on the Syrian market, while Syria increasingly depends on American technology and products for its development plans. Consequently, the economic impact of these tariffs will weigh far more heavily on Damascus, even if the absolute volume of bilateral trade remains small.

President Trump’s economic policy follows a clear principle: “If you sell me more

than I buy from you, I will impose tariffs.” This approach has underpinned similar measures against China and Mexico—both with multi-billion-dollar trade volumes.

Applying this logic to Syria raises questions, however, given that trade between Washington and Damascus is extremely limited, yet the US has imposed the highest tariff rate in the world on Syria.

Against the backdrop of this tariff escalation, several key questions demand scrutiny:

What has been the volume of US–Syria trade in recent years, and does it justify the imposed tariffs?

To what extent could high US tariffs affect the Syrian economy, particularly given the minimal level of direct trade?

Could these tariffs become yet another obstacle to Syria’s reconstruction efforts?

And how might they impact the country’s ability to attract foreign investment?

#### US–Syria Trade Volume

Foreign trade data show that economic relations between Syria and the United States remain modest. Syrian exports to the US totaled around \$11.3 million in 2023, marking a 16.5% increase from \$5.28 million in 2018.

In 2024, exports held steady at \$11.18 million, reflecting a narrow and stagnant trade channel. By comparison, Syria’s total global exports reached \$1.27 billion in 2023, with the US market accounting for just 1% of that figure.

Syrian exports to the US are largely confined to textiles, light agricultural products, and a small selection of artisanal and heritage goods. According to Trading Economics data, key exports in 2023 included spice seeds (\$3.01 million), building stone (\$2.3 million), and antiques and heritage items (\$1.31 million).

On the other side, US exports to Syria are limited to a narrow range of chemical and pharmaceutical products—delivered under special licenses—along with packaged foods such as baby formula and supplements, and small quantities of plastic and paper goods.

This limited trade reflects not only the recent US tariff decision but also the long-standing context of economic sanctions Washington imposed on Syria’s former government—sanctions that continued for years and indirectly eroded the country’s economic infrastructure.

Despite political changes since the fall of Bashar al-Assad’s regime, these sanctions still cast a long shadow over Syria’s ability to engage commercially

with major powers, especially the United States.

### Structural Drivers Behind US Tariffs

To assess the impact of these tariffs on Syria's economy and reconstruction efforts, Louay Al-Homsi, a tax and financial consultant and member of the advisory board of the US–Syria Business Council, told Noon Post that the persistence of high US tariffs on Syrian goods stems from a number of structural factors:

The small scale of bilateral trade.

The absence of free trade agreements.

Limited trust in Syria's regulatory environment.

The principle of reciprocity.

According to Al-Homsi, the trade balance between the two countries is not significant enough to motivate Washington to offer tariff exemptions. The lack of a free trade agreement also denies Syria the privileges enjoyed by other nations. Furthermore, weak transparency and difficulties in verifying compliance with US financial and regulatory standards hinder customs cooperation and sustainable trade partnerships. Under reciprocity, Syria's own high tariffs on US goods influence Washington's decision to keep its tariffs elevated.

Economically, Al-Homsi noted that the decision poses no immediate threat given Syria's exceptional circumstances. However, it could stifle long-term growth, particularly by curbing Syria's ability to expand exports to the US—the world's largest consumer market.

Elevated tariffs also render Syrian products uncompetitive for American importers, while US exports to Syria are already subject to high Syrian tariffs, limiting the country's access to advanced American technology in vital sectors such as aviation, healthcare, and agricultural innovation.

Overcoming this challenge, Al-Homsi argued, requires a smart, phased approach led by Syria's Ministry of Economy. This should begin with direct dialogue with Washington, include a review of bilateral tariffs, establish a legal framework for sector-specific exemptions, and open the door to importing essential equipment and technologies needed for economic recovery.

### A Warning Signal for Policy Action

Al-Homsi stressed that since its founding, the US–Syria Business Council has worked to bridge regulatory and financial gaps between the two markets. Notable steps include hosting a roundtable with major Syrian and American banks, attended by the Governor of the Central Bank of Syria and US Ambassador

Tom Brack, to showcase Syria's anti-money laundering and counter-terrorism financing policies.

In July 2025, the council held an economic forum attended by prominent Syrian business leaders, officials from the US Departments of Treasury, State, and Commerce, and relevant Syrian ministers. The event highlighted investment opportunities and new ownership and operational laws.

Al-Homsi concluded by reaffirming the council's commitment to working with Syria's Ministry of Economy and chambers of commerce and industry to initiate a technical dialogue with relevant US entities, raise trade volumes, strengthen economic integration, establish fair tariff structures, and facilitate US investment in Syria—while promoting high-quality Syrian exports to the American market.

The US tariff decision, he argued, should be viewed as a warning sign requiring a flexible institutional response that repositions Syria within the global trade landscape.

#### Rerouting of Syrian Exports and Imports

Mohammad Hallak, former deputy head of the Damascus Chamber of Commerce, told Noon Post that most Syrian goods exported to the US fall under the category of food products—a legacy of earlier US sanctions that limited export diversity. Before trade liberalization, many such goods were shipped to Lebanon and re-exported to the US under a Lebanese origin label to circumvent restrictions.

Hallak added that a significant share of Syrian food exports also passed through neighboring countries like Jordan, Egypt, and Lebanon, making it difficult to trace their true Syrian origin. Accurate data on the actual volume of Syrian exports to the US—or on the specific impact of US tariffs on goods of Syrian origin—are lacking, complicating any assessment of their direct economic impact.

On the import side, Hallak said Syria's imports from the US are among the lowest in the world, due to geographic distance and the availability of cheaper alternatives from East Asia and Europe. US sanctions have further reduced trade volumes and complicated international payment procedures.

Syrian traders face considerable difficulties with financial transfers, often relying on overseas currency exchangers who move funds through third parties, raising money-laundering concerns and creating recurrent disruptions.

Importers are typically required to make an advance payment before shipping, followed by a second payment upon receipt of shipping documents, with both payments needing to originate from the same source—posing significant logistical and financial hurdles.

Some US products, such as industrial tools and machinery, reach Syria through

intermediaries in Dubai or Lebanon after altering certificates of origin. These small-scale imports often bypass proper governance and transparency standards, leaving room for potential supply chain manipulation.

Hallak argued that Syria's current legal environment continues to restrict trade flows and impose additional costs on Syrian businesses—underscoring the need for a comprehensive review of trade and financial policies.

### Tariffs and Investment Climate

Regarding the effect of US tariffs on Syria's ability to attract investment, Hallak stressed the need to view them within the broader investment environment. While some investors maintain loyalty to Syria and are willing to commit regardless of profit margins, the overall climate plays a decisive role in attracting capital.

Syria, he noted, offers significant investment opportunities in tourism, reconstruction, and manufacturing—sectors that have seen sharp declines in recent years. The country benefits from abundant labor, though often lacking in required skills. Key weaknesses include exchange rate instability, despite the near-complete legal freedom to transact in US dollars.

Many firms struggle to pay wages in Syrian pounds and instead calculate costs in dollars, leading them to sell in dollars as well. This creates challenges amid exchange rate fluctuations of up to 15%, especially for low-margin sectors like food production, where profits hover at just 1–2% amid intense competition.

Still, Hallak believes that investors who enter Syria from the outset and plan their operations in dollars can avoid losses and even benefit from available opportunities if the investment climate improves. While the business environment has progressed in some areas, he said, it still needs work—particularly in resolving legal inconsistencies. Encouragingly, some official bodies are listening to concerns and working on solutions.

In conclusion, the US's 41% tariff on Syrian goods does not pose an immediate economic threat. As the Syrian government seeks to rebuild its economy and improve its investment climate, the real focus may lie in expanding trade ties with neighboring countries, where opportunities are more tangible and impact more immediate. Yet dismantling the web of Western sanctions remains essential—a task requiring sustained diplomacy to restore Syria's economic presence and offer investors a clearer view of the market's future.