Syria Is Paying the Price for the Iran War

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When the United States and Israel launched military operations against Iran in February 2026, it triggered instability and conflict in almost every country across the Middle East. In Syria, however, what followed was nine months of record lows in violence, as the country's process of internal stabilization continued apace. Yet Iranian attacks on the Gulf and the Strait of Hormuz, as well as broader regional instability fueled by the seemingly intractable US-Israeli conflict with Iran and the uncertainty resulting from the US blockade, threaten to cripple Syria's economic recovery.

Why It Matters for the US

- The biggest investors and aid donors in Syria since the fall of Bashar al-Assad's regime have been the Gulf states, particularly Qatar, Saudi Arabia, and the United Arab Emirates. **The vast majority of investment contracts have since been frozen**, development work dramatically cut, and financial assistance for public sector salary payments and gas imports sharply curtailed — as a consequence of economic losses incurred from Iranian attacks on Gulf energy infrastructure in 2026. These losses are exacerbating Syria's already dire economic and cost-of-living crises in a nation where at least 80% of people still rely on foreign assistance and the United Nations-managed global aid program is just 34% funded.

- The US government's bold decision to back Syria's transitional president, Ahmad al-Sharaa, was largely driven by a desire to prioritize stability and shape a Middle East defined by interdependence and commercial interconnectivity. **The Iran war and its cascading effects threaten to undermine that vision.**

- Amid heightened economic uncertainty, **Iran's regional partner, Hizballah, has pursued a year-long campaign of terror plots inside Syria**, seeking to target critical infrastructure, minority communities, and security forces. Most have been foiled, but a major successful attack could be devastating. Most recently, the November 3 foiling of a Hizballah-directed plot to bomb the Homs oil refinery prompted the quiet expulsion of a visiting Lebanese government delegation headed by Deputy Prime Minister Tareq Mitri.

- Under acute economic pressure, **Syria has now been forced to compromise its policy of non-involvement in regional crises.** Syria is seeking to join the Mecca Defense Alliance as a means of self-protection and to deter threats from Israel. Of greater importance still, Damascus has agreed to deploy military forces to Saudi Arabia to assist in its war with the Houthis in non-combat roles — in exchange for concessional loans.

Policy Considerations

- **The Trump administration should broaden the aperture of its Iran policy.** While a major military escalation or broad concessions for the sake of peace are unquestionably unattractive options, a continuation of today's status quo places Syria on a dark and dangerous path. In the absence of a deal with Tehran, America's Iran policy should take the wider effects of a long war into account, while developing policies aimed at ameliorating negative outcomes.

- **The US should expedite efforts to establish a permanent diplomatic presence in Damascus** to help facilitate a deeper working relationship inside Syria's transitional government and parliament. This will create an environment far more amenable to directing targeted US development assistance to where it is most needed.

- **The US government should support and empower the newly established multi-donor Syria Recovery and Reconstruction Trust Fund (START)**, as the World Bank's largest shareholder and financial contributor, to channel concessional financing, investment guarantees, and technical assistance toward Syria's recovery.

- **The US should explore providing Syria with security sector assistance** to support its capacity to detect and neutralize the Hizballah-directed campaign that seeks to bring down Syria's fragile transition. Meanwhile, the US government should prepare to relaunch mediated talks between Syria and Israel as soon as a new Israeli government is formed.

For more information on Syria, please visit: www.mei.edu. To arrange briefings on this topic with Charles Lister, please contact Ezra Mannix: emannix@mei.edu.