

## Fact sheet

### Regional Economic Effects of the Syrian War and the Spread of the Islamic State

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- The greater Levant region has lost US\$35 billion in income due the Syrian War and the spread of ISIS. The loss is equivalent to the size of Syria's economy in 2007.
- Sadly, this is a lower bound estimate of the regional economic cost; the estimate excludes the costs of delivering basic services and building infrastructure to accommodate refugees in receiving countries as well as the costs of rebuilding depleted physical capital.
- The costs of war have been unevenly distributed across the region and within countries.
  - Syria and Iraq have borne the *brunt* of the direct war costs and those associated with the disintegration of trade links. In each country, average real per capita incomes have declined by about a quarter (25%) relative to the level that could have been achieved if war had not occurred.
  - Other Levant countries have incurred average per capita losses, but not aggregate income losses due to the direct effects of the conflict. The inflow of refugees has boosted consumption, investment, and labor supply, and therefore the size of these economies. Aggregate incomes have increased less than population numbers so standards of living have fallen in general, with per capita incomes declining the most in Lebanon (11%) and much less so in Turkey, Jordan, and Egypt (1.5%).
  - Within countries some people have been affected more than others. In Syria, all people have been affected negatively but landowners have been hurt the most as demand for land declined steeply reflecting the outflow of refugees. By contrast, in Lebanon and Turkey, land and enterprise owners have benefited while workers have lost because the inflow of refugees have increased demand for goods and services and augmented labor supply.