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## **Indicators for Syrian Potentials to Increase Exports**

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## **Indicators for Syrian Potentials to Increase Exports**

Export is of vital importance for the Syrian economy because it encourages Syrian economic competitiveness, enhances the economy, strengthens job security, and improves standards of living. Facilitating and increasing exports should therefore be a primary goal of decision-making bodies in order to facilitate growth and development.

Syria has various advantages it can build on for the development of its export sector, such as an abundant and qualified labor force, low wage levels, and a varied geography and climate. Syria also has close geographical proximity to a wide variety of external markets in Europe, the Middle East, and Africa and good market access through preferential agreements to the large Arab market through the Great Arab Free Trade Area (GAFTA) agreement and several other bilateral agreements.

There are many potential opportunities for exports to the EU that would be beneficial for Syrian exporters. Vast opportunities exist for Syrian food exporters there, but potential entrants must establish personal contacts and be aware of import regulations. Despite the many impediments to Syrian exports to the EU, such as high tariffs and intensifying competition, the long trade history between Syria and European countries provides a good foundation to increase sales and export activities.

There are also ample opportunities to increase exports to Arab countries, especially as a result of increasing cooperation and agreements. Many Syrian agricultural products will benefit from substantial preferential access including products that have not traditionally enjoyed access to the Arab markets.

Supply capacities grew outstandingly in the 1995-2004 period, and at the same time production of many agricultural products expanded widely. For instance, fruit production (in term of quantity) increased by 54% for irrigated areas and 52.6% for non irrigated areas. Production of crops and vegetables in irrigated areas increased by 21.6% in the same period (Agricultural Statistical Abstract, 2005).

Syria has the ability to produce many industrial and agricultural products that are exportable such as phosphates, textiles, chemicals, glassware, and a variety of agricultural products. Cotton and cotton sub-products, olive oil, and fresh fruits and vegetables offer the best Syrian agricultural export opportunities.

Moreover, the Syria food-processing industry has strong export potential, and offers a first-class opportunity for Syrian producers seeking to supply ingredients to this sector. Syria is developing quickly in this sector with the potential to become a significant regional supplier, especially to Arab countries.

Syria is moving ahead with its plans for economic reform and agricultural development. These reforms, whose major objective is to promote incremental increases in commercial utilization, are making the country more capable to export. In addition to the encouraging factors mentioned above, several policies have been developed by the government to guide the development of the export sector. Some policies have also been developed to promote value-added activities in agricultural production before products are finally exported.

For several years now the government has been looking to speed up trade activities through promoting and joining regional free trade areas in order to benefit from an expanding export market, and by applying more reforms inside the country in order to increase export efficiency and improve competitiveness. As a result, several incentives and facilities have been made available to the exporters. The government worked hard to reorient the economy toward new export opportunities by simplifying export procedures, rationalizing and strengthening export incentives, and creating the conditions that help the private sector to enter the market and improve efficiency.

In addition, the government spent and directed large amounts of investment in agricultural research and development, encouraged foreign investment, as well as encouraged and facilitated technology flows that allow for further export growth.

Significant positive changes have occurred in the government's attitudes regarding Syria's export strategy. As a result, a shift towards a social market system is taking place: exchange rate and custom rules are being reformed; regulations regarding trade, finance and the banking system are being revised and recently began allowing for more competition within the private sector and invest; ability of Syrian exports, and price control is dismantled.

Since Syrian export is featured by the dominance of a few commodities in a narrow market, more efforts are needed to create a positive environment for increasing export diversification through distribution of new technologies, providing facilities for information to assist exporters in identifying and taking advantage of opportunities for Syrian products in foreign markets, encouraging producers to increase productivity and strengthen production of high value products, enhance cost-reduction efforts, and raise export quality.

Growing competition from other foreign suppliers has created new challenges for Syrian exporters. To enhance growth potential for Syrian products in foreign markets, marketing and promotion are critical. Measures have been taken by the government to create quality awareness among the exporters, especially concerning the internationally recognized standards for export products, as well as to consolidate and group exportable products by quality standards in order to enhance the overall competitiveness of Syrian products. As a result, processors are now more willing to meet international quality standards. Even though some Syrian products are improving in quality and packaging, other products still have to go further to meet international quality standards. This has created a highly competitive environment for Syrian exporters, which has put a strong emphasis on product development, improving marketing, and a trend towards higher value product markets.

Producers and traders supported by the government started adopting various measures, and the government itself has adopted new policies, to move things in this direction, for example:

- ◆ Documentation requirements have been simplified and administrative controls abolished;
- ◆ Massive investment in infrastructure has been undertaken, including transportation, which is considered an important determinant of export performance and represents a crucial factor affecting both productivity and competitiveness;
- ◆ Permission for the private sector to import machines and advanced equipment has been granted;
- ◆ Increased participation in international fairs, specialized/industry fairs, and sending of trade missions with a view to consolidate the Syrian position in existing markets and to work to create new market opportunities in new destination Countries;
- ◆ Some new and revised regulations concerning exports have been issued and some other regulations are currently under elaboration and will soon be issued. For example, a decision (No 3696) was issued in 2005 to establish a supreme council to enhance exports, and another law (No 28) in 2002 was issued that permits the establishment of private banks to contribute exports funds for private sector investment. Still to be finalized and issue are laws to organize competitiveness and a law to prevent monopolies. The agricultural development strategy also included an intention to establish specialized unions and systems to enhance access to market information. All these laws are vital for private sector success.
- ◆ Last but not least, Syria is making efforts to orient activities and increase consumer awareness, thus improving production quality for both internal and export markets.

Below are some additional suggestions to improve the export situation in Syria:

- ◆ Establish specific program targeted to developing agricultural exports;
- ◆ Assist the private sector to develop specialized trade companies to work in targeted markets;
- ◆ Establish quality control regulations and mechanisms to monitor agricultural products and to ensure compliance with international standards;
- ◆ Encourage production of high quality products that demonstrate good export potential;
- ◆ Identify the commodities that are competitive in foreign markets;

In short, the above factors could enable Syria to play a stronger role in foreign markets, and the country has the ability to expand its foreign earnings by widening and deepening its participation in external trade.