

# POLICY BRIEF

## To Stay or To Leave? The Dilemma for Independent Syrian Businessmen

### Abstract

The relationship between the Syrian regime and businessmen went, over many years through different phases, alternating between antagonism and cooperation. However, it remained functional as the keystone of the economy. The perceived end of the existential threat to the regime's survival changed its attitude towards the business community. Increasingly, the business community feels targeted by the regime's fiscal policies and views their capital and potential to grow as being at risk. This policy brief lays bare the stark choices available to independent entrepreneurs in the country today.

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## Introduction

Recent reports from members of the Syrian business community paint a picture of thousands of entrepreneurs rushing to leave the country.<sup>1</sup> An exodus of Syrian entrepreneurs is hardly a new phenomenon. But this last wave is different as it comes amidst a regime fund extraction campaign against the community and an unencouraging regional and global migration context. There are no official data that allow us to measure the real scale of what is happening, but tens of businesses are closing every day in Damascus and Aleppo.

Traditionally, Syrian entrepreneurs could be classified into two large categories: a business elite nurtured and protected by the regime; and a group of relatively independent businessmen who preferred to maintain some autonomy *vis-à-vis* the Syrian establishment. Independent businessmen have two main characteristics: their social and institutional ties, as they mainly rely on family and urban contexts; and their economic activities, as they are primarily engaged in traditional production sectors, including agro-business, textile and light manufacturing, and associated internal trade and export activities centred around their productions.

In the two decades before the Syrian conflict there was a relative easing of restrictions on economic activities, and independent businessmen started to expand their affairs. With the Syrian uprising in 2011, the regime expected and, indeed, demanded solidarity from businessmen. Independent entrepreneurs reacted in different ways: while some chose to support one camp over the other, the majority remained neutral. As the conflict intensified, some relocated their businesses and factories abroad, while others persevered and chose to stay despite mounting difficulties.

Nevertheless, after years of operating in unstable conditions, those who stayed behind increasingly found themselves in an uncomfortable situation. They were within reach of the state and suffered security apparatus blackmail, fiscal

contraventions with retrospective effects and compound interests, and a quickly unravelling economy with an unstable local currency to boot. This paper offers some considerations around the choices Syrian entrepreneurs have in dealing with this new reality. What are the challenges and opportunities they would face if they decided to leave and relocate to one of the few accessible adjacent markets? What are the costs or benefits in staying home and attempting to preserve their capital despite the regime's constant threats?

Independent entrepreneurs matter. They have an immense impact, as creators of tradable jobs, as well as being contributors to future reconstruction activity. Collectively they employ most of the workforce in the production sectors. What is more, the nature of their diverse activities in manufacturing and agriculture, regardless of their output, is well-calibrated towards national and regional markets, and hence is promising in terms of economic growth and sustainability. The analysis presented in this brief is the product of several interviews conducted since 2017 with over thirty-six Syrian businessmen, manufacturers, accountants, and lawyers: these reside in Damascus, Aleppo, Hama, Homs, Beirut, Cairo, Doha, Dubai, Istanbul, and Riyadh.

## 1. The Regime Toolkit

Following the Russian intervention in 2015, the regime changed its attitude towards the business community. The ruling elite felt more secure and less obliged to tolerate any sign of autonomy from subjects, entrepreneurs included. Then the new territorial gains in favour of the regime and the need to reintegrate thousands of loyalists armed non-state actors into state institutions imposed new expenses on the state. The regime thus shifted its policies from preserving production capacity to aggressive extortion. Starting 2016, it has insisted on three main procedures: legal actions to claim fiscal duties from businesses; restrictions on all financial transactions so that they are channelled through state-owned or controlled banks and a handful of authorised

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<sup>1</sup> Adnan Abdulrazzaq, "Al-Assad Is Concerned with the Migration of Syrian Businessmen" (in Arabic), *al-Araby al-Jadeed*, 1 October 2021, <https://bit.ly/3jQ0jNN>

foreign exchange bureaus; and direct extortion and coercion in exchange for the liberty of entrepreneurs.

### 1.1. Comply or Pay

Syria is one of the most taxed markets in the MENA region. By law, Syrian businesses are compelled to pay 20 different taxes per year against a regional average of 16.5. Total taxes on companies constitute on average 42.7% of their profit, again higher than the regional average of 32.5%. Local business owners grew, in the past, accustomed to tax evasion by exploiting corruption and a large informal market. Most tax duties are profit tax (on capital gain and income) and labour tax (employer social security contributions).<sup>2</sup>

Businesses tried to bring down their tax contributions by filling lower levels of income. They had two ledgers, a real one for internal purposes and a public one with smaller bills, declaring lower wages for their employees or keeping them off the books altogether. A widely employed practice was to declare only an, usually low, base salary complimented with incentives. This practice was intended to reduce social security contributions and to lower end of contract settlements. In addition to fiscal fraud, industrialists and importers also used to procure their manufacturing inputs or traded goods with false invoices so as to pay fewer custom liabilities.<sup>3</sup> These practices were widespread among small and medium enterprises. Larger establishments with large volumes of exports were more likely to comply.<sup>4</sup>

For long years, Damascus turned a blind eye to corruption and tax evasion as an indirect way for state officials to extract bribes from the business community. The state apparatus regulating the market only intervened in specific cases.<sup>5</sup> Indeed, via sporadic anti-corruption campaigns, the government used irregularities committed by certain business community members either to put them out of business or to push them to partner with a member of the regime-designated elite. Things started to change in 2016. There was a crackdown on all fiscal infringements. This, then, went up a notch in mid-2020 following a dramatic collapse in the Syrian Pound (SYP). This coincided with the implementation of Caesar sanctions, but also depended on the banking crisis in Lebanon and the accumulation of losses in different economic sectors during the conflict.<sup>6</sup>

The typical *modus operandi* of the state in this new phase starts with a raid on a corporate headquarters led by the Customs authorities, the General Authority of Taxes and Fees (GATF), and the General Directorate for Social Insurance (GDSI).<sup>7</sup> All soft and hard copies of documents are seized during the raid, including computers, invoices, receipts, accounting ledgers, but most importantly any proof of trading or dealing in USD.<sup>8</sup> Additionally, employees have to give statements on their real salaries, and the type and volume of the activities carried out by the company, while warehouses are inventoried.<sup>9</sup> Companies seem to be chosen at random, but the scope of the campaign covers all sectors and ranges from small to large businesses.<sup>10</sup>

2 World Bank Group, "Doing Business in 2020 - Syria Profile," 24 October 2019, <https://bit.ly/3jQJ1QF>

3 In addition to smuggled goods, especially from Turkey and Lebanon.

4 However, due to their larger income they had access to higher levels in the state. As a result, they benefited far more from officials' corruption and favours.

5 The most notable entities in charge of market regulation are the General Customs Administration, four ministries (Finances, Economy and Trade, Social Affairs and Labour, Industry) and municipalities.

6 Skype interviews with businessmen based in Damascus, Beirut and Istanbul, between July 2020 and September 2021

7 This practice is confirmed by interviews conducted between May and August 2021 with three businessmen based in Istanbul and Damascus. It was also reported by different Syrian news outlets, such as Zaynab Masri "An Unprecedented Migration of Syrian Industrialists and Craftsmen" (in Arabic), *Enab Baladi*, 26 September 2021, <https://bit.ly/31a9LJj>, and Omar Yussef, "The Escape from the Sinking Ship" (in Arabic), 7 October 2021, *al-Jazeera*, <https://bit.ly/3bFAYlf>

8 Skype interview with an accountant based in Damascus, 12 July 2020.

9 The inventory is carried out to detect any mismatch between invoices and the contents of the warehouse. If any good is unaccounted for, the Customs estimate its worth at the highest price possible. If any merchandise is suspected of being smuggled from abroad, in particular from Turkey, the business owner could be subject to imprisonment. Skype interview with a rug merchant based in Damascus, 18 May 2021.

10 All interviewed business owners have been at least once through this process since 2016.

Following the raid, the company is generally taxed with a liability ranging from SYP 100 to 250 million (USD 40,000 to 100,000 at the official October 2021 exchange rate of 2,512 SYP/USD).<sup>11</sup> The amount is based speculatively on the estimated income of the company.<sup>12</sup> For instance, the GATF estimates the profit tax based on the highest invoice issued by the establishment. The GDSI would intimidate workers into denouncing their employers, and their social security contributions would be calculated based on the highest salary there. The business owner is then granted a grace period to pay his dues under the threat of company assets being frozen or imprisonment. The duration of this grace period varies greatly from one case to another. But business owners are given little time to 'rectify' their situation and the urgency of the matter is stressed. For instance, a temporary freeze on assets could be made, or a manager from the company or a family member could be detained to add physical to financial intimidation.

## 1.2. Only Through Us

The principal impact of the Lebanese banking crisis on the Syrian regime has been the loss of access to hard currency. To increase its balance of USD and Euros, the government has launched a huge campaign designated to crack down on all informal *hawala* offices in the country.<sup>13</sup> The direct result of this has been to channel most remittances through authorised foreign exchange offices and to oblige businesses to procure hard currencies for financing their imports from state banks alone.

During the first years of the conflict, *hawala* offices were subject to regular raids, primarily to prevent them from wiring funds to opposition forces. Traders who refrained from playing such a dangerous game were allowed to continue. They had, though, to divulge their client lists and to share some of their lucrative revenue with the inspectors or the intelligence branch in charge of the area.<sup>14</sup> In 2020, however, an extensive campaign was launched to close all these offices in Damascus, Aleppo, and Homs, and only a few companies were allowed to operate officially.<sup>15</sup> Moreover, companies which own hard currency without proof of exchange from the authorised forex are subject to legal action.

There were then Central Bank of Syria measures for financing exports and imports, namely decisions 1070 and 1071 issued on 31 August 2021. Both decisions are intended to compel businessmen to use the state-authorised financial establishments to finance their deals. Decision 1070 allows forex offices to sell hard currency to importers at around 3,290 SYP per USD, compared with the official rate of 2,512.<sup>16</sup> Decision 1071, on the other hand, forces exporters to sell 50% of the hard currency generated from their exports to the government at the official exchange rate,<sup>17</sup> in addition to an incentive margin set daily by the CBS.<sup>18</sup> For the remaining 50%, exporters can either deposit funds in their local bank accounts, use them to fund other import transactions, or sell them through local banks. In sum, these two measures are intended to reduce the loss in foreign currencies in the economy by forcing

11 Skype interviews with a manufacturer based in Rural Damascus, 15 July 2021, an accountant based in Damascus, 12 July 2020, and a detergent manufacturer based in Syria, 2 September 2021. Hiba Mohamed, "The Syrian Regime Seizes the Money of a Businessman in Aleppo and Fines Him More than 500 Million Pounds" (in Arabic), *al-Quds al-Araby*, 25 September 2022, <https://bit.ly/3nLWBWz>

12 Skype interview with an accountant based in Damascus, 12 July 2020.

13 The efficiency of the campaign is questionable given that informal *hawala* offices are still operating but in greater secrecy and at a higher risk. Enab Baladi, "The Central Bank of Syria Threatens Hawala Offices" (in Arabic), 1 June 2020, <https://bit.ly/3vZAH7c>

14 Interview with the owner of a private *hawala* office in al-Hariqa district in Damascus, Istanbul, November 2015.

15 These companies include al-Haram, al-Fadel, United Exchange, al-Daham, al-Fouad, Takahiro, Maya, Sham, Zamzam, al-Nidal, Thika, and al-Diyar. However, in practice only al-Haram, al-Fadel and United Exchange, in addition to Western Union, are dealing with hard currency. The rest of the offices are only active in wiring SYP from one governorate to another.

16 This exchange rate is called the platform rate and is also fixed by the CBS. It is lower than the market price, but it is intended to still be encouraging for businessmen in contrast with risking a huge fine if dealing with non-official exchange offices. Central Bank of Syria, "Decision 1070 – Financing the Imports of the Private and Joint Sectors" (in Arabic), <https://bit.ly/3CpQR15>

17 The decision reactivates a measure that was suspended in mid-2016. When the value of the US Dollar was stable, the measure was not prohibitive. However, with the devaluation of the SYP, exporters left their hard currency earnings in bank accounts abroad and paid the CBS from dollars bought on the black-market increasing demand for USD.

18 Central Bank of Syria, "Decision 1071 – The Obligation of All Exporters to Organise a Pledge to Return the Export Parts" (in Arabic), <https://bit.ly/3EzHaaN>. The collection of foreign exchange funds is done in five regional offices, in Beirut, Amman, Baghdad, Istanbul and Dubai.

more people to use the official rate and hence to reduce pressure from the black market.

The difference in the exchange rate between the sale price for imports and the purchase price for exports amounts to nearly 40%. For manufacturers who rely on imported raw material, this difference can only be added to the sale price of their commodities, at least if they are cheaper abroad. If not exports mean considerable losses. Even then, the slim profit margins are highly susceptible to the fluctuation of the SYP exchange rate. This also means a corresponding increase in prices of exportable products for consumers in the local market.

### 1.3. The Purge

Regime-associated business elites have been subject to systematic campaigns to keep their companies and assets in check and independent businessmen have not escaped the 'purge'. Unlike claims for fiscal duties, where the government agencies are leading the anti-fraud campaign, the execution of this part of the government's campaign is entrusted to the General Intelligence Directorate (GID).

The process starts with a convocation of the businessman to one of the GID branches and his subsequent detention till a family member or an associate pays for his release.<sup>19</sup> This is not a legal process, and the courts are not involved in the convocation or arrest. Targeted individuals are typically wealthy industrialists and capitalists, and the ransom for their discharge amounts to nearly 10% of their estimated wealth.<sup>20</sup> Individuals who fail to pay – mainly those who were thought to be rich but who could not afford this ransom – are then transferred to Adra prison with no release date.<sup>21</sup>

Unlike the collection of taxes, the payoffs demanded are not transferred to government bank accounts. Instead, they are wired directly to bank accounts held and managed by the presidential palace, such as the Martyrs Institution

(*Mu'assassat al Shuhada*). The regime's motives behind this ongoing purge are not only a project to gain money. Its strategy is also the product of deep mistrust in the business community and in its potential to grow independently from its authority. This procedure is more limited than the others and is mainly reserved for the richest entrepreneurs left in the country. Hundreds of businessmen have been subject to this treatment in the last eighteen months in Damascus alone.

## 2. Between a Rock and a Hard Place

In interviews business owners remain confident about the resilience of the Syrian people and their ability to survive the harshest conditions. What these businessmen cannot deal with is the regime's attitude towards their community. Indeed, the regime's aggression towards entrepreneurs has persuaded those in business that they are the only actors capable of refilling the state coffers. As a result, the independent business community is increasingly estranged from the regime. They feel that they have a dilemma. Do they leave and risk losing more? Or do they stay and risk (again) further depletion?

### 2.1. The Perils of Staying

The independent business community faces numerous challenges in the current economic climate in Syria. Manufacturing costs are surging as the raw material prices increase. Access to electricity and fuel (necessary for private generators) is irregular and constantly disrupts production. Moreover, local producers suffer from erratic supply chains, with considerable delays in shipping and logistics and with a sharp increase in associated costs. Factory owners also struggle to hire talented and skilled workers who prefer to migrate to adjacent markets or to Europe.

Legally, local producers feel entirely vulnerable to state probes with no legal protection. The scale of regime intervention is felt in most economic

19 In some cases, the siblings or children of the targeted businessman are held hostage.

20 There is no certain way to calculate the fraction of the money these businessmen were required to pay, but the interviews and the different accounts agree around this amount.

21 Interview with an accountant based in Damascus, Istanbul, 21 August 2021.



sectors, but it is mainly focused on urban areas, such as Damascus, Aleppo, and Homs. When confronted with the fiscal authorities, producers usually negotiate the liability imposed on them. The negotiations take two forms: they engage in technicalities and seek to recalculate taxes (and rarely succeed); or they resort to accommodating corrupt demands with bribes in money or in stock.<sup>22</sup>

As a result, business owners have taken precautions to protect themselves. For instance, they have moved their accounting to the cloud to remove any physical ledgers. In other cases, tradesmen have relocated their warehouses to undisclosed locations and only maintain minimum stock in their official offices. This last practice also serves as a way to lessen the impact of the fluctuating prices of commodities on the market. Under certain extreme circumstances, such as rumours of an imminent organised raid on the market, they close their shops, factories, or offices and they wait for the storm to pass. However, even the most cautious or law-abiding businessmen still face arbitrary fines from the municipality or other regularity authorities.

Meanwhile, as these entrepreneurs struggle to survive, the value of their assets is dropping with each passing day. Liquidity is a problem since SYP value regularly depreciates, and having hard currency is treated as a felony.<sup>23</sup> The same is true of immovable assets since there are no interested buyers. If a buyer is found, proceeds must be deposited in a Syrian state bank account. Only SYP 2 million per day can be withdrawn; though in some cases the amount can be increased.

Consequently, most businessmen find themselves losing instead of increasing their capital. A possible way out is a conversion to service-based industries, such as the import

of raw materials, essential food materials, technological goods, tourism, and real estate. However, these sectors are controlled by regime-associated elites and there is risk of finding yourself at odds with powerful competitors. Relocation and migration are another option. But at what cost and where? There are no easy answers.

## 2.2. The Gamble of Moving

In 2012 and 2013 there was the first wave of Syrian businessmen migrants, mainly to Turkey, Egypt, and Jordan,<sup>24</sup> but also to the Kurdistan Region in Iraq (KRI), Lebanon, and to a lesser degree the Arab Gulf states (GCC). Entrepreneurs left Syria either as the result of an economic calculation, seeking stability and regular access to their manufacturing input, or due to security concerns, as the war started up around them.

Businessmen in this early exodus had significant liquidity, but they lacked operational experience in these foreign markets. No quantitative studies have accurately assessed the capital invested by Syrian businessmen in exile. Most reports take into consideration only the start-up capital, which is only a fraction of the whole amount invested. Based on data made available by the Syrian International Business Association (SIBA), the investment funds Syrian businessmen had access to varied between a few hundred thousand USD to, in a very few cases, tens of million USD. The average capital for the majority was below one million USD.

A decade later, the track record of this first wave of business owners is mixed. They collectively faced political, legal and operational challenges. These caused considerable capital losses before they managed to settle into their newly adopted ecosystem.<sup>25</sup> Over the years,

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22 Following a customs raid on the warehouse of a synthetic flooring materials importer based in Damascus in June 2021, the officer agreed to decrease the fine by 60% in exchange for him personal requisitioning large quantities of goods from the depot, nearly the equivalent of the discounted fine. Phone interview with the warehouse owner on 14 June 2021.

23 Sky News, "Damascus Tightens the Penalty on Those Dealing in [Currencies] Other than the Pound" (in Arabic), 29 January 2020, <https://bit.ly/3ox3uLG>

24 Ching-An Chang, "Transformation of the Syrian Business Community After the 2011 Uprising: The Formation of a War-Induced Business Diaspora and the Reorganisation of Their Networks," PhD in Islamic and Middle Eastern Studies, The University of Edinburgh, 2017, <https://bit.ly/3cnKARZ>

25 They engaged in various activities, but mostly in restaurants, real estate, import and export, *hawala* and IT in service-based sectors, animal husbandry, small agricultural projects, textile, processed foods and other light manufacturing in production sectors.

Syrian businessmen in exile have shared their struggles as a cautionary tales for their friends and colleagues who chose to stay at home, and the general perception is negative. The biggest concern shared by business owners who consider leaving Syria is the lack of contingencies in case of financial setbacks. The social and family support that they have in their hometowns is lacking abroad. There is also the fear of failure, and the possibility of returning home broke.<sup>26</sup> Businessmen considering relocating to a new market today are more prudent than their predecessors. They evaluate several factors before moving.

Financially, Syrian businessmen privilege countries with lower living expenses, the capital needed for running a business, and consequent running costs. Egypt seems the most attractive choice, followed by Turkey, KRI, Jordan, and the GCC, with Lebanon at the bottom. The cost of establishing a new business in Turkey and Egypt is comparable but running costs in Egypt are cheaper, because of lower wages and easier tax evasion practices.<sup>27</sup> In fact, several Syrian business owners have relocated from Turkey to Egypt, especially in food industries and restaurants.

There are also legal considerations. Some countries have easier processes for obtaining and maintaining a residency permit and for establishing a legal entity for business. Here again, Egypt scores highest, especially after the rise in anti-Syrian sentiments in Turkey in the last few years. Similarly, access to Saudi Arabia, Lebanon, and Jordan is undermined by difficult legal and financial requirements and these countries do not offer Syrians a legal framework for operating a business. For instance, in Lebanon most banks refuse to open corporate bank accounts for businesses owned by Syrian

nationals. In Jordan, Syrians need a special authorisation for a legal entity, one granted by the government and most sectors are prohibited.<sup>28</sup> Since late 2011 and early 2012, Saudi Arabia, Qatar, Bahrain and Kuwait all stopped residency permits for newly-arrived Syrian nationals.<sup>29</sup> In July 2021, the UAE opened the way for Syrian nationals to enter, apply for residency permits and even establish fully operational businesses with regular access to financial services, such as bank accounts and loans. However, the cost structure is high and hence prohibitive for many.

For a long time, Turkey was considered the best choice. It had good financial infrastructure and institutions, easier access to the global market, and a large Syrian community. However, Egypt has been transformed into a privileged destination for Syrian businessmen in the last two years. Syrian business owners have established several clubs and organisations to organise themselves in Egypt, e.g. the Syrian Businessmen Gathering in Egypt, and the Syrian Investors Committee (SIC) in Egypt. The SIC enjoys considerable influence and is housed within the General Union of the Egyptian Chamber of Commerce. Syrian investments in Egypt are concentrated in textiles and integrative industries, the manufacturing of simple medicines, furniture, and food products. Syrians are also active in the commercial and service sectors and have opened restaurants and shops. Moreover, Syrians feel more at ease in Egypt. There is no language barrier. Syrian craftsmanship and professionalism are respected. There is less competition with local enterprises. There is a large national market. There is easier access to the GCC market. There is also the recent stability and growth of the economy. Indeed, Egypt has witnessed an increase in businesses established by individuals who have freshly relocated from Syria and also from Lebanon and Turkey.

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26 Cautionary tales are regularly shared on how ambitious young entrepreneurs lost their capital in the Dubai real estate bubble burst and how they had to cut their losses and be content with low incomes after returning to Syria. There are also stories of businessmen who relocated to Turkey, and who were questioned by the Syrian authorities during visits. Much is made of the insignificant financial benefit the businessman gained for a high security risk.

27 The legal cost of establishing a Limited Liability Company in Turkey is roughly USD 1,000 with a minimum capital of USD 5,000. The incorporation costs for an Egyptian LLC in the first and second years are USD 9,750 thereafter USD 2,450.

28 The prohibited sectors include office services, sales, energy, architecture, telecommunication, electricity, cars maintenance, hair dressing, logistics, security, and various trade activities in food, medicine, bread, and building materials. The Jordanian Ministry of Labour, "Professions Closed to Expatriate Workers" (in Arabic), 14 October 2019, <https://bit.ly/3ozc2Sj>

29 They renewed the residency permits of Syrian nationals who came to their territory prior to 2011. There have been exceptions in which key Syrian individuals were granted a residency permit, but these depended on interventions from high officials.

Nevertheless, the GCC remains an attractive alternative for individuals who wish to pursue a paid career, especially in professions of high demand.

## Conclusion

For many entrepreneurs staying in Syria means downsizing activities, reducing expenses, diverting resources, short-term planning, extortion, and the perpetual threat of liability. Relocation to adjacent regional markets is not an easy decision, though, associated as it is with high costs, reduced opportunities, and financial risks. Now more than during the conflict, Syrian businessmen face an unsolvable dilemma with no guarantee of survival. The regime has engaged in a media crusade to change the narrative and shame “coward” business owners who “betray” their country in its time of need.

Meanwhile, the regime is trying to reengage with the regional and international community. Assad’s fervour to restore diplomatic relations with his neighbours is politically driven by his desire to be recognised as having been victorious by his foes. Moreover, Damascus political rehabilitation is also perceived as pre-requisite for foreign economic engagement and investments. Such funds would allow the regime to reconsolidate its authority and to seal Assad’s military victory.

Investments in real estate, tourism, and trade may take high risks, they may yield high returns, and they would mostly only require advantageous conditions provided by the authorities. These are the most attractive activities for foreign investors in Syria right now, in addition to some interest in the energy sector. However, these sectors are mostly for capital growth and have little impact on the job market. Such investments are thus expected to enrich the regime and its partners, but they are unlikely to create sustainable economic growth for the rest of the population.

In contrast, investments in production sectors are job creators and have a longer and more sustainable impact on the economy. But these need stability and local partnerships to succeed.

Investors may be willing to overlook structural deficiencies, sanctions, and security instability to invest in service-based activities. But it is difficult to imagine significant investments in production, while the Syrian entrepreneurs, manufacturers and producers with the most valuable market knowledge are fleeing or closing their businesses.

Aware of the long-term effects of the crisis of confidence in the Syrian business community, state officials have tried to reassure its members but, so far, to no avail. The contraction of the production sectors could create opportunities for regime-associated elites to expand their monopolies in the service and trade sectors. But it also hampers all autonomous domestic economic growth. The mistrust in the state cancels out any roadmap for recovery.



## Middle East Directions

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