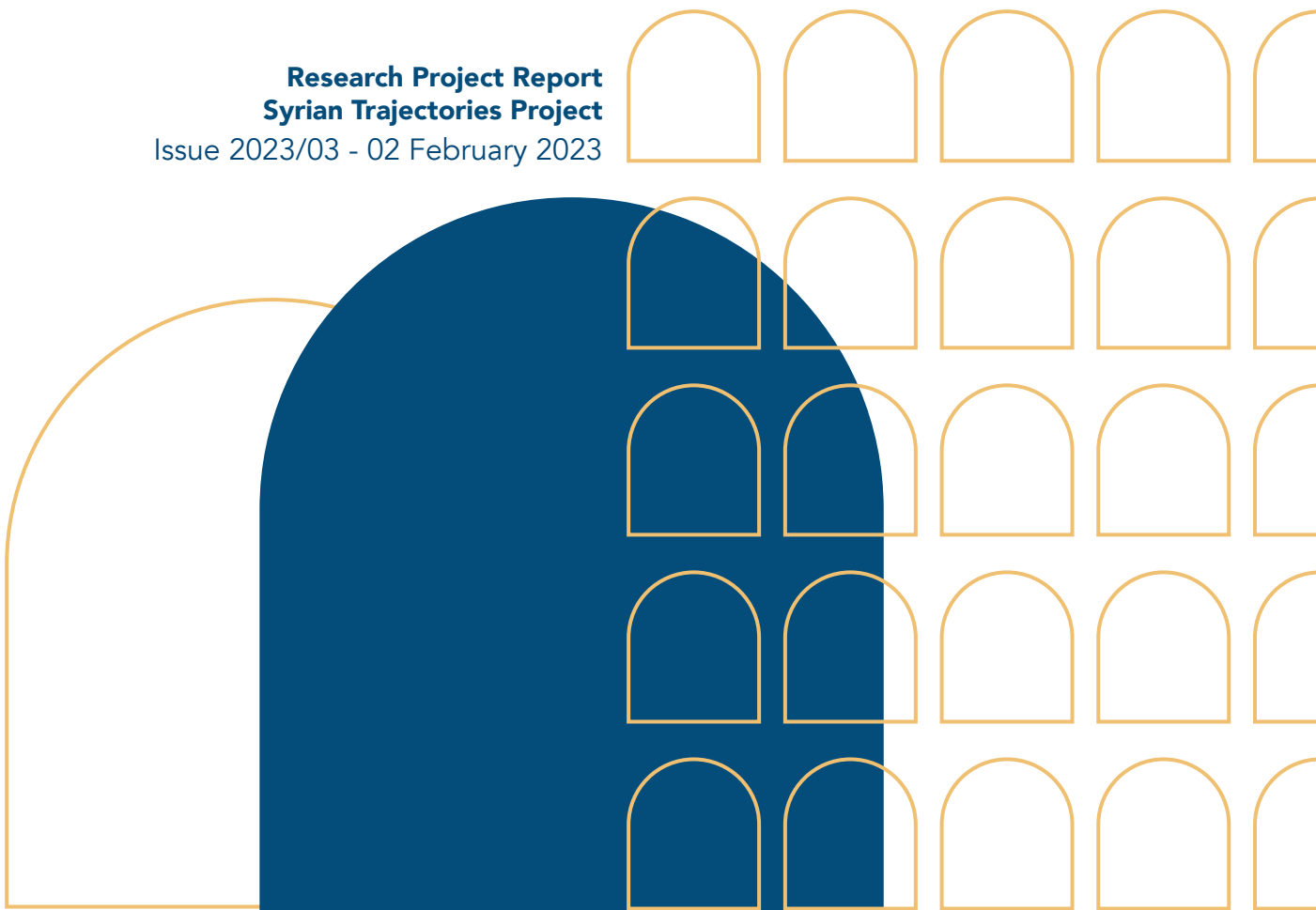


# Syrian Entrepreneurs and Investors in Egypt and their Relations with Syria

Joseph Daher

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# Syrian Entrepreneurs and Investors in Egypt and their Relations with Syria

Joseph Daher\*

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\* Joseph Daher is a part-time affiliate professor at the European University Institute, Florence (Italy). He works under the aegis of the 'Syrian Trajectories' research project in the Middle East Directions Programme. He has completed a doctorate in Development Studies at SOAS, University of London (2015), and a doctorate in Political Science at Lausanne University, Switzerland (2018).

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## Executive summary

Since 2011, Egypt has welcomed several hundred thousand Syrians. Large numbers of Syrians have, however, faced legal challenges when attempting to find work in Egypt, and Syrian businesspersons have complained about complicated regulations affecting the creation and development of their businesses. These legal and regulatory challenges have not prevented Syrian businesspersons establishing and expanding their companies in Egypt. They have invested in multiple economic sectors, from manufacturing industries to the service sector.

Syrian investors in Egypt, who are mostly owners of small and medium-sized enterprises, are generally not organised in any form of association. However, a small number of Syrian owners of large businesses have built cordial relations with both the Syrian and Egyptian authorities and have been active in Egypt through a small number of associations. Recognised Syrian businesspersons have established the Syrian Businessmen Association in Egypt.

While recognised businesspersons have maintained economic links with Syria and investments there, owners of small and medium-sized businesses have limited their links with Syria to family visits and financial assistance to family members and local communities. The deepening economic crisis and the lack of legal and security guarantees in Syria impede the return of many Syrian businesspersons.

The SBAE's capacity to become a serious intermediary for a potential economic recovery and reconstruction process in Syria will probably need further political rapprochement between Cairo and Damascus. The future of Syrian business communities in Egypt is therefore more connected to the evolution of economic and political developments in their new home country rather than in Syria, where the future remains bleak and impediments preventing any large-scale return continue to grow.

## Introduction

Since the war in Syria broke out in 2011, Egypt has attracted a large number of Syrians, including businesspersons and industrial manufacturers. The first inflow of Syrians to Egypt in 2012 principally consisted of individuals with family connections, business ties or personal networks. The total number of Syrian refugees in Egypt reportedly increased from 13,000 in 2012 to 122,179 in 2013.<sup>1</sup> While Egypt had initially adopted an open-door policy, in July 2013 after the military coup d'état that overthrew President Mohammed Morsi, the Egyptian government required Syrians to apply for a visa and obtain security clearance prior to travelling to Egypt.<sup>2</sup> In 2022, the number of Syrians in Egypt was estimated at 500,000, including around 144,000 registered refugees,<sup>3</sup> the vast majority of whom have settled in urban areas, mainly in the Greater Cairo region and in Alexandria.

In recent years, Egypt has attracted a relatively high number of Syrian businesspersons and investors. Many of them are active in manufacturing industries, especially in the production of textiles and clothing, and in commercial and service sectors such as catering and retailing. This paper considers two main categories of Syrian businesspersons according to the number of employees in their businesses. The first category contains owners of small and medium-sized enterprises (SMEs). These are the vast majority of Syrian businesspersons in Egypt. Small enterprises generally employ fewer than 10 employees and medium-sized businesses have between 10 and 50 employees. The second category contains owners of large businesses, which on average employ over 50 individuals and constitute a small proportion of Syrian businesses in Egypt. Some of these have organised themselves in a business association, the Syrian Businessmen Association in Egypt (SBAE), which has become their main representative in Egypt. With an increasing number of businesspersons leaving Syria for Egypt, Syrian government officials have made several visits to Egypt with the aim of encouraging them to return and invest in the war-torn country. However, these endeavours have largely been unsuccessful.

Much literature deals with the situation of Syrians in Egypt from a humanitarian perspective, looks at their living conditions or the legal challenges they face when attempting to find work,<sup>4</sup> or gives a general overview of the Syrian diaspora in Egypt and their economic activities.<sup>5</sup> In addition, the continual departure of Syrians to Egypt and particularly successful Syrian businesspersons have been largely addressed in the past decade.<sup>6</sup> To complement the existing literature, this study seeks to investigate two main issues: first, the main reasons why Syrian entrepreneurs settle in Egypt and why some large Syrian business owners establish associations of their own; and second, whether large and medium-sized businesspersons will return to Syria in the foreseeable future and play a role in a potential future economic recovery in the country. This research draws on a series of interviews with Syrian businesspersons based in Egypt, including the chairman of the SBAE, reports by international organisations, academic articles, official media coverage and the SBAE Facebook pages.

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- 1 UNHCR, "UNHCR Egypt Monthly Statistical Report as of 31 October 2022," October 2022, <https://bit.ly/3Au0ITy>
  - 2 UNHCR, "UNHCR Expresses Concern over New Restrictions for Syrian Refugees in Egypt," 12 July 2013, <https://bit.ly/3xVlGLW>
  - 3 UNHCR, "Egypt Fact Sheet," June 2022, <https://bit.ly/3hS2Atv>
  - 4 Nadine Elshokeiry, "Egypt's Post 2012 Response to the Syrian Refugee Crisis: A Theoretical Critique of Practical Approaches," *PPAD Working Series*, Issue No. 1, December 2016, American University of Cairo, <https://bit.ly/3XxALqW>; UNDP, ILO and the WFP, "Jobs Make the Difference Expanding Economic Opportunities for Syrian Refugees and Host Communities: Egypt – Iraq – Jordan – Lebanon – Syria – Turkey," 2017, <https://bit.ly/3V7cXle>; UNHCR-UNDP Joint Secretariat, "Improving Livelihoods and Economic Opportunities for Syrian Refugees and Host Communities," 2 July 2018, <http://bit.ly/3XmAmrk>; Mai Ali Hassan, "The Insertion of Syrian Refugees in the Egyptian Labor Market: with Special Focus on Food and Restaurants Sector," 2021. American University in Cairo, Master's Thesis. AUC Knowledge Fountain, <https://bit.ly/3XQFYJE>
  - 5 Firas Haj Yehya, "Syrians in Egypt: Major Financial Investments in a Volatile Context," *Arab Reform Initiative*, 5 December 2018, <https://bit.ly/3kGrbmF>; Ola Noureldin, "Syrian Immigrants Spur Economic Revival," *American Chamber of Commerce in Egypt*, April 2019, <https://bit.ly/3VsQ42y>
  - 6 Sputnik, "The Migration of Syrian Industrialists to Egypt. Myth or Reality?," (in Arabic), 7 October 2021, <https://bit.ly/3tdAOKz>; Ashraf Abd al-Hamid, "Fled from the hell of Assad. And opened the largest textile factory in Egypt," (in Arabic), *al-Arabiya*, 21 January 2018 <https://bit.ly/2VcvRIA>; Al-Waseela TV, "Basil Sammakieh. The Story of a Syrian Businessman Who Celebrates His Wedding Every Two Years at a Cost of Half a Million Dollars!", (in Arabic), 4 October 2020, <https://bit.ly/3E1CjR8>

The paper is structured as follows. It first examines the legal challenges Syrians face to work in Egypt and the regulations imposed on employers, and it looks at their economic activities. Next, it investigates the relationship of Syrian businesspersons in Egypt, and more particularly of the SBAE, with Syria. Finally, it analyses the obstacles and challenges that impede them from returning and from playing a significant role in a potential Syria's economic recovery.

## 1. Syrian Entrepreneurs in the Egyptian Environment

Syrian businesspersons have by and large been welcomed by the Egyptian state and population. In this hospitable environment, the number of businesses owned by Syrians has surged since 2011. However, Syrian owners of SMEs have faced legal challenges when they attempt to officially register their companies, leading many of them to operate informally. While Syrian owners of large businesses have not encountered such challenges, they have had to go through complicated bureaucratic processes to establish and expand their businesses.

### 1.1. Legal Challenges

Four main administrative avenues exist for Syrians to remain in Egypt: they can renew a tourist visa every three or six months; they can acquire a work permit; they can obtain a student permit; or they can register as refugees with the United Nations High Commission for Refugees (UNHCR).<sup>7</sup> Many Syrians who arrived between 2011 and 2013 have remained on tourist visas or registered as refugees. People with these two statuses do not have access to particular services like being able to open bank accounts and register mobile numbers in their names.<sup>8</sup>

Obtaining a work permit for foreigners, which can be issued for a year or less, is somewhat arduous. According to Egyptian regulations, employers have to guarantee that foreigners do not constitute more than 10% of the total number of employees in an investment project and do not compete with Egyptians for work opportunities.<sup>9</sup> Moreover, the Ministry of Manpower and Migration, which is in charge of granting work permits, forbids foreigners from working in numerous professions, including as tourist guides and in import and export companies. In addition, the fees to obtain a work permit are high. They start at Egyptian Pound (EGP) 3,000 (equivalent to approximately USD 101 at the official exchange rate of 29.6 EGP/USD in January 2023) a year and then increase each year to EGP 5,000 (USD 169) in the fourth year with a yearly increase of EGP 1,000 (USD 34) up to a maximum of EGP 12,000 (USD 405.4).<sup>10</sup>

It is difficult for most Syrians in Egypt, particularly refugees, to meet these legal requirements. Therefore, many remain unemployed or opt to work in the informal sector. Similarly, small and medium-sized Syrian enterprises largely operate informally, as most of their owners came on a tourist visa or are still registered as refugees. They therefore do not have residence permits, which are normally required to acquire a work permit.<sup>11</sup> For instance, a young Syrian medium-sized business owner interviewee explained that he has been without a work permit or a residence permit since he arrived in summer 2013 and is still officially registered as a refugee. He is nevertheless the owner of around 15 shops operating in 6 different governorates and employs around 50 people (40 Syrians and 10 Egyptians). All his companies are registered by his Syrian partners, who the Egyptian authorities legally allow to run businesses in the country.

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7 Nadine Elshokeiry, "Egypt's Post 2012 Response to the Syrian Refugee Crisis: A Theoretical Critique of Practical Approaches."

8 Ola Noureldin, "Syrian Immigrants Spur Economic Revival."

9 The percentage of foreigners in a company can be increased up to 20% should employing national workers with the required qualifications be not possible. See General Authority for Investment & Free Zones, "Investment Law No. 72 of 2017," 2017, <http://bit.ly/3OX4A07>

10 HG Legal Resources, "Work Permit in Egypt," 2022, <https://bit.ly/3VJAdMW>

11 Both permits require security clearance, which must be renewed every six months and is generally very costly and complicated. UNHCR-UNDP Joint Secretariat, "Improving Livelihoods and Economic Opportunities for Syrian Refugees and Host Communities," 2018, <http://bit.ly/3XmAmrk>

On the other hand, large Syrian business owners have generally found it easier to deal with legal regulations because they have made significant investments in Egypt. As a consequence, they are granted residence permits. However, they complain about long and complicated bureaucratic administrative and regulatory processes to establish and grow a business. The chairman of the SBAE, Khaldoun al-Mouakeh explained that the mechanisms and procedures to invest, set up a company and expand it in Egypt are not quite clear. Each stage needs security clearance, with no time limit defined to obtain it. He added that he has been calling for the establishment of a communication channel between Syrian businesspersons and economic decision-makers in Egypt to facilitate investment processes and legal formalities.<sup>12</sup>

## 1.2. Economic Incentives and Activities

The owners of most Syrian SMEs are from various regions in Syria, including Aleppo, Damascus and its countryside, Homs and Daraa. Large business owners are typically from Damascus and Aleppo. There are approximately 30,000 Syrian investors in Egypt, of which more than half are manufacturers, and they employ several tens of thousands of people.<sup>13</sup> In spite of the legal challenges, Egypt has remained one of the most appealing countries for Syrian businesspersons to establish and expand their companies. This is especially true compared to Syria's neighbouring countries (Jordan, Lebanon, Turkey and the United Arab Emirates (UAE)), particularly for large business owners.

First, Egypt has a large local market with a population estimated at over 100 million, and facilitated access to African, Gulf and European markets. The Jordanian and Lebanese markets are relatively small, while the UAE market is very competitive for newly arriving Syrian investors. As for Turkey, it was able to attract large numbers of SME owners in the years after the eruption of the Syrian uprising in 2011, particularly from northern Syria, and it has a large local market with a population of more than 80 million. Second, the cost of labour and the cost of living are relatively low in Egypt, and it has appropriate infrastructure. In comparison, the cost of living has generally been high in Jordan and the UAE and it remains so, while in Lebanon and Turkey, alongside other economic problems, it has considerably increased in the past few years with significant inflation in both countries.

Finally, from the political authorities to the mainstream media the general political environment in Egypt continues to be very welcoming for Syrians.<sup>14</sup> This was reflected between 2020 and 2022 with new waves of small and medium-sized Syrian business owners and workers settling in Egypt as the economic and security situations continued to deteriorate in Syria.<sup>15</sup> This has especially been the case of a substantial number of Syrians who were previously dividing their lives between Damascus and Cairo, where they had their businesses or jobs. They have definitively transferred their families to Egypt and sold their properties in Syria. Moreover, they can generally afford better housing conditions and are provided with more effective services in the Egyptian capital than in Damascus, where real estate and rent are very expensive.<sup>16</sup> In contrast, Turkey and Lebanon, which are the neighbouring countries with the largest numbers of Syrians, have witnessed escalating aggressive campaigns and measures against Syrians, including policies to forcefully return refugees to Syria, jeopardising the future of large numbers of them

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12 Interview with Khaldoun al-Mouakeh, chairman of SBAE, November 2022.

13 Ibid.

14 In summer 2019, there was a massive show of support for Syrians in Egyptian social media, including a Twitter campaign entitled 'Syrians Enlighten Egypt' after Egyptian lawyer Samir Sabir asked the courts to investigate the source of funds for Syrian investments in the country and tried to make a connection between refugees and terrorism. He had to backtrack following the mass display of sympathy for Syrians in the country.

15 This was especially the case between mid-2021 and the beginning of 2022 when the fee for security approval was reduced from around USD 3,000 to around USD 300 and 400, encouraging many Syrians to migrate to Egypt legally via Damascus airport. See Abdullah al-Jabassini, "Migration from Post-War Southern Syria: Drivers, Routes, and Destinations," Research Project Report, (Florence: European University Institute, Middle East Directions, Wartime and Post-Conflict in Syria, 6 January 2022, <https://bit.ly/3fy6mE4>)

16 Interview with Hala al-Chach, University Professor and Businesswoman, owner of a manufacturing industrial company active in Egypt, November 2022.



in these countries. Moreover, the hostile position adopted by Ankara regarding the Syrian regime since nearly the beginning of the uprising in 2011 constituted an obstacle to large businessmen maintaining relations and economic activities with Syria.

Some Syrian large business owners have invested and developed previously existing economic activities in Egypt, especially in the textile industry. Examples are Muhammad Kamel Sabbagh Sharabati (see below) and Ammar Sabbagh, owner of the 'Sabbagh Group for Industry and Trade' in Syria and of the 'Cotton and More' company in Egypt. Similarly, Dr. Hala al-Chach, who is a university professor in Syria and owner of a medium sized company active in Egypt, transferred her family's business activities to Egypt in 2012 after the outbreak of the Syrian war and closing of their facilities in Syria. Her family's decision to settle in Egypt was connected to them having previous knowledge and experience of the Egyptian market, and a network of contacts in the country.<sup>17</sup>

Syrian investments in Egypt between 2011 and 2018 have been estimated at approximately USD 800 million,<sup>18</sup> although the total is most probably higher as a large number of Syrian businesspersons operate informally or register their firms in the name of an Egyptian citizen. Al-Mouakeh stated that Syrian investments in Egypt most probably exceeded USD 1 billion by far.<sup>19</sup> He estimated the number of Syrian-owned industrial workshops and factories at approximately 5,000 (both formal and informal) in 2022 and their total monthly output between 100 and 120 million units.<sup>20</sup>

Investments have been made in a variety of economic sectors from manufacturing industries, which primarily produce food, clothing, textiles and furniture, to the service sector, particularly restaurants, shops and beauty salons. The Syrian cuisine and food have become very popular among Egyptians, with several Syrian restaurants having multiple branches in the country, such as Rosto and Barkat al-Halabi, and Salloura, which is famous for its production of Syrian sweets. In 6th October city in Greater Cairo, deemed 'Little Damascus,' a number of Syrians have for instance opened businesses in the fields of processing and selling foodstuffs, dairy milk and oriental pastries.<sup>21</sup>

Syrian company owners, particularly large ones, continue to import human labour from Syria for employment in their companies and workshops. Company owners usually pay for their security clearance, which currently costs USD 1,250 for Syrians over 12 years old,<sup>22</sup> and the aeroplane ticket, coming to a total between USD 1,400 and 1,600, to bring people to Egypt. This sum is, however, deducted from their salaries as a form of reimbursement.

However, the scale of the economic crisis in Egypt, accentuated by the war in Ukraine, could represent an obstacle or at least a slow-down in the dynamic of migration from Syria to Egypt and in further investments in the country by Syrians. The Egyptian economy is suffering depreciation of the Egyptian pound (70% between March and December 2022), a shortage of US dollars and high inflation. This has resulted in a significant rise in the cost of living, particularly food and drink prices, which increased by 30.9% in one year between December 2021 and 2022.<sup>23</sup> At the same time, in October 2022 Egyptian banks began restricting foreign currency withdrawals, including of US dollars, as a result of the country's dwindling foreign currency reserves.

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17 The family's firm, which was producing in Syria the brand United Colours of Benetton, exported its production to Egypt and had multiple shops and business partners in the country until 2010. Ibid.

18 UNHCR-UNDP Joint Secretariat, "Improving Livelihoods and Economic Opportunities for Syrian Refugees and Host Communities," 2018, <https://bit.ly/3XmAmrk>

19 He also added that Syrians have deposited more than USD 20 billion in Egyptian's banks since 2011, according to an unpublished report by the United Nations Development Program that he mentioned during the interview. See YouTube, "Cairo and People," (in Arabic), 8 October 2020, <https://bit.ly/3TCgBJf>

20 Interview with Khaldoun al-Mouakeh, November 2022.

21 Abeer M. Galal, Sarah A. Elariane and Maha Abd-Elsattar, "The Effect of Syrians' Commercial Activities on the Livability of Urban Neighborhood Centers – Case Study 6th of October City, Egypt," *HBRC Journal*, 16:1, 179-205, <https://bit.ly/3ZmQQOZ>

22 There is also an "express visa" process which costs USD 1,500. See Sham 2, "How Much is the Price of the Egyptian Visa for Syrians 2022," (in Arabic), 7 August 2022, <http://bit.ly/3Vy2Tsv>

23 Siobhán O'Grady and Heba Farouk Mahfouz, "As Egypt's Economic Crisis Deepens, an Affordable Meal is Hard to Find," *Washington Post*, 26 December 2022, <https://bit.ly/3ZEIhK5>

## 2. Syrian Business Communities and Associations in Egypt

The vast majority of Syrian investors in Egypt, who are mostly owners of SMEs, are not organised in any form of association or organisation. However, a small number of Syrian large business owners have established good relations with both Syrian and Egyptian authorities and have been active in Egypt through different associations, although generally without seeking any legal registration with the Egyptian state. The only representative of Syrian businesspersons in Egypt is the SBAE.<sup>24</sup> It was established in June 2013 following dissolution of the Syrian-Egyptian Business Council<sup>25</sup> and with encouragement by the Egyptian authorities in order to have an interlocutor representing Syrian large business owners in Egypt.

The SBAE has around 55 members, each of whom owns a large business employing over 100 workers. There are no formal conditions and processes to become a member. Individuals joining the association are commonly introduced by other members. The main objective of the association is to assist newly arrived Syrian entrepreneurs in Egypt by providing them with guidance and counselling, including on issues connected to legal regulations and available industrial assets. The SBAE has also made use of its connections and good relations with senior Egyptian government officials to lobby and advocate in favour of Syrian companies.<sup>26</sup> From Cairo, the SBAE has also recently opened channels with Jordanian officials. Al-Mouakeh and other members of the SBAE held a meeting with Mr. Qusay Makahleh,<sup>27</sup> who is in charge of promoting and encouraging “the establishment of industrial investment projects,”<sup>28</sup> during his visit to Cairo in October 2022. Following this meeting, a delegation from the SBAE was planning a visit to Jordan at the beginning of 2023.<sup>29</sup>

The large majority of businesspersons in the SBAE are from Damascus and its countryside and Aleppo. A significant proportion of them still have investments and factories operating in Syria, although often not functioning at full capacity and generally not representing their main source of profit. The majority of the members are owners of large manufacturing industries, are mostly from Aleppo and are involved in the textile and clothing industry. Others are engaged in the commercial and trade sectors, such as in importing raw materials and cotton, or are owners of malls.<sup>30</sup>

Several members of the SBAE also had significant influence in the establishment of the Association of Syrian Arab Expatriates in Egypt (ASAEI) in 2017. The association is headed by famous businessman Basel Sammakiya,<sup>31</sup> who is also the vice chairman of the SBAE, while 8 of the 13 members of the bureau are also members of the SBAE.<sup>32</sup> Another association is the Egyptian-Syrian Friendship Association, headed by businessman Talal Attar, who is an outspoken supporter of the Syrian regime. His association notably organised a concert called ‘From Egypt to Damascus,’ which was attended by many Syrian and Egyptian businesspersons and artists, in support of the Syrian regime’s presidential election in Cairo in

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24 Another group of Syrian business actors was the Syrian Investors Association in Egypt (SIAG), which was stillborn. It was headed by Ammar Sabbagh. It had one event in December 2016 and no other activities afterwards. The association included individuals and objectives very similar to those of the SBAE.

25 Al-Mouakeh was chairman of the Syrian-Egyptian Business Council until 2013. The Syrian Ministry of Economy dissolved all the bilateral business councils in June 2013. Bilateral business councils between Syria and foreign states were initially created between 2009 and 2010 to develop investment and trade relationships. Since 2017, Damascus has tried to re-establish several business councils with what it refers to as friendly countries.

26 Interview with Khaldoun al-Mouakeh, November 2022.

27 Syrian Businessmen Association in Egypt, *Facebook*, 29 October 2022, <https://bit.ly/3iXIFdf>

28 Jordan Industrial Estates Company, “Brief Overview about JIEC,” 14 December 2022, <https://bit.ly/3BCiFdT>

29 Interview with Khaldoun al-Mouakeh, November 2022.

30 *Ibid.*

31 He is considered one of the most prominent and wealthy Syrian businessmen in Egypt. He emigrated to Cairo with his family in the 1980s and has been working in the field of spinning and weaving for 30 years. In February 2021, he was granted Egyptian citizenship.

32 Interview with Khaldoun al-Mouakeh, November 2022.

May 2021.<sup>33</sup> Both businessmen, Sammakiya and Attar, were also involved through their associations in the organisation of the visit of famous Egyptian singer Hani Shaker to Damascus in September 2022 and accompanied him during his tour.<sup>34</sup>

Not all Syrian businesspersons residing in Egypt have joined the SBAE, or for that matter the ASAEI. This particularly concerns individuals who had taken a supportive position regarding the Syrian protest movement at its beginning in 2011. Following the Egyptian military coup d'état in July 2013, they generally stopped publicly expressing any critical stance against the Syrian regime and adopted a more neutral and distant attitude to the Syrian uprising, which increasingly turned into an armed and violent conflict. Muhammad Kamel Sabbagh Sharabati, one of Syria's most prominent manufacturing industrialists in Egypt, who was accused of being supportive of the protest movement in the first years, has for instance remained generally at a distance from all activities organised by the Syrian associations and communities in Egypt.<sup>35</sup> He nevertheless expanded his investments in Egypt in 2018 with the establishment of the Fourtex complex in Sadat City for an estimated USD 200 million.<sup>36</sup>

The SBAE is considered to maintain close relations with the Syrian government and promote forms of normalisation with Damascus by encouraging economic exchanges and investments in the country. The association notably celebrated the 'victory' of Bashar al-Assad in the presidential election in May 2021 on its Facebook page,<sup>37</sup> while it has been organising dispatches of humanitarian assistance to Syria for the past four years. The Syria Trust Development led by Asma al-Assad has been its main partner and implementer of these humanitarian initiatives.<sup>38</sup> The chairman of the SBAE still visits Syria regularly and meets Syrian officials. He is regularly invited on television shows on Syrian channels. He has also welcomed various official Syrian delegations visiting Egypt, such as members of the Federation of Syrian Chambers of Commerce on their visit to Egypt to participate in the Conference of the Federation of Arab Chambers of Commerce which was held in Cairo in February 2022.<sup>39</sup> Al-Mouakeh has met representatives of the UN and international and regional organisations to discuss and encourage the future reconstruction phase in Syria.<sup>40</sup> On his part, the vice chairman of the SBAE, Sammakiya, has been accused of being a supporter of the Syrian regime because he funded several events and conferences organised by the Syrian embassy in Egypt and welcomed the Syrian ambassador in his villas on various occasions.<sup>41</sup>

Al-Mouakeh and Sammakiya also participated in the establishment of the 'Grouping of Syrian Businessmen in the World' (GSBW), which was created in 2018 in Romania and which includes investors based in 23 countries including Switzerland, Germany, Belgium, Iran, Egypt and Sudan. Al-Mouakeh, who is also chairman of the GSBW, explained that one of the main objectives of the GSBW "is to provide a space for Syrians to exchange between them, find solutions to maintain connections with Syria and encourage potential future investments in the country."<sup>42</sup>

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33 Al-Modon, "Egypt: Concerts Supporting Assad's Elections in Coordination With the Regime," (in Arabic), 11 May 2021, <https://bit.ly/3PvJ42H>

34 Sara Salama, "Hani Shaker at the Press Conference: The Syrian Public is Ready for Life and Fine Art," (in Arabic), *al-Watan*, 15 September 2022, <https://bit.ly/3FvQq1t>

35 Sharabati was involved in a feud with the regime, and more particularly Rami Makhlof, before 2011. He was pressured by regime authorities to step down as chairman of the Aleppo Chamber of Industry in 2009, a position he had held since 2005, by withdrawing from the elections before they were held. He was replaced by Fares al-Shehabi, who was supported by Rami Makhlof.

36 Joseph Daher, "Syria's Manufacturing Sector: the Model of Economic Recovery in Question," Research Project Report, (Florence: European University Institute, Middle East Directions, Wartime and Post-Conflict in Syria, May 2019), <http://bit.ly/35aCIEk>

37 Syrian Businessmen Association in Egypt, *Facebook*, 28 May 2021, <https://bit.ly/3UJu9U8>

38 Sama Channel, "Sama Satellite Channel: Economic Dialogue," (in Arabic), 9 October 2022, <http://bit.ly/3UOrskd>

39 Syrian Businessmen Association in Egypt, *Facebook*, 26 February 2022, <https://bit.ly/3To7v2k>

40 Syrian Businessmen Association in Egypt, *Facebook*, 11 August 2022, <https://bit.ly/3ToY6b0>

41 Al-Waseela TV, "Basel Sammakiya. The Story of a Syrian Businessman Who Celebrates His Wedding Every Two Years at a Cost of Half a Million Dollars!" (in Arabic), 4 October 2020, <https://bit.ly/3E1CjR8>

42 Interview with Khaldoun al-Mouakeh, November 2022.

The chairman of the SBAE, however, insists on the neutrality of the association and that it has no political orientation in favour of a particular actor. He argues that the association only seeks to preserve the interests of Syrian businesspersons in Egypt and their remaining investments in Syria while respecting the sovereignty, law and official institutions of each state, including of the Syrian government. He adds that Syrian businesspersons outside the country still have economic interests in Syria and family ties, and therefore want to see the socio-economic situation in the country improve.<sup>43</sup> Another consideration for the SBAE and the GSBW is most probably to constitute a lobbying group of businesspersons outside the country able to discuss and voice their demands to the Syrian government while trying to face the new generation of business warlords seeking to dominate the country's economy (see below).

Despite the conclusion of a Memorandum of Understanding with the Cairo Chamber of Commerce to develop Egyptian-Syrian economic relations through trade exchange and partnership,<sup>44</sup> and another with the Syrian Export Support and Development Authority to improve the quality of products intended for export to Egypt,<sup>45</sup> the SBAE's economic collaboration with and investments in Syrian counterparts and institutions remain very restricted because of economic and political obstacles, as are its attempts to encourage foreign actors to cooperate with the Damascus authorities or invest in Syria. The activities of the GSBW have suffered a similar fate.

### 3. What Roles for Business Diaspora in the future of Syria?

Since 2017, Syrian government authorities have offered exiled Syrian manufacturers, particularly ones located in Egypt, many incentives to return to Syria and to invest in the country and/or to resume production in their facilities.<sup>46</sup> These decisions and activities have, however, not led to the great majority of Syrian businesspersons in Egypt coming back or expanding their current activities in the country, except for a few exceptions. The relationship with Syria of many Syrian businesspersons in Egypt, especially owners of small and medium-sized businesses, has increasingly become distant and limited to family visits when possible and financially helping family networks and local communities.

There are several reasons for this. While some businesspersons in the SBAE still have investments and factories in Syria, a large proportion of Syrian businesspersons in Egypt have not maintained strong economic links with Syria. A Syrian businessman based in Dubai explained that many of his former counterparts in Aleppo in the manufacturing industrial sector now located in Egypt only travel to Syria on very rare occasions for family visits. For the majority of them their economic interests and investments in Syria stopped during the conflict or were damaged as a result of the massive destruction in Aleppo.<sup>47</sup> Similarly, many businesspersons from Damascus, especially large manufacturers, left Syria as a result of the worsening political and economic situation in the country.

The sustained socio-economic deterioration in the country also constitutes a serious obstacle, with continual rises in the cost of production, shortages of key commodities and energy resources (particularly fuel oil and electricity), policy mismanagement, instability of the Syrian pound and sanctions. The chairman of the SBAE has criticised the Syrian government for not taking serious measures to reinforce its links with Syrian businesspersons abroad and offering them the right conditions to allow for their return. Syrian manufacturers have especially pointed out the need to provide them with incentives, such as securing all production requirements (electricity, fuel and raw materials), financial facilities to obtain

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43 Ibid.

44 Salma al-Wadarji, "Cairo Chamber of Commerce Signs MoU with Syrian Businessmen Association," (in Arabic), *Ahram Gates*, 18 April 2018, <http://bit.ly/3X7ExH0>

45 SANA, "Memorandum of Understanding Between the Export Support and Development Authority and the Syrian Businessmen Gathering in Egypt to Improve the Quality of Products Intended for Export to Egypt," (in Arabic), 28 February 2017, <http://bit.ly/3NRyAtO>

46 Joseph Daher, "Syria's Manufacturing Sector: the Model of Economic Recovery in Question."

47 Interview with a Syrian businessman based in Dubai and with close links with Syrian businessmen in Egypt, September 2022.

credits and loans, and the ability to transfer funds without restrictions, etc. Al-Mouakeh played down the significance of a committee formed by the Syrian Minister of Industry in 2019 to encourage the return of Syrian manufactures located in Egypt. He argued that it lacked the presence of real decision-makers and discussions with the businesspersons appointed to the committee remained very technical and did not allow for any real improvements.<sup>48</sup>

Other shortcomings are related to the highly insecure business environment in Syria. Syrian owners of businesses of all sizes are afraid of being pursued and harassed by officials of the Ministry of Finance or of the Border Control authorities if they return to Syria with various types of accusations, such as unpaid taxes on electricity bills or on imported products in past operations. Similarly, they fear they will have to pay significant bribes to different security services to operate and pursue their business activities.<sup>49</sup>

They are anxious that they could be forced to partner with one of the new business figures who emerged during the war and are affiliated with the centres of power, who would eventually take control of their businesses.<sup>50</sup> Businesswoman Dr. al-Chach argued that the space allowed for traditional and independent businesspersons in Syria has been constantly decreasing as “business warlords” have been expanding their domination to all economic opportunities.<sup>51</sup> Similarly, al-Mouakeh complained that the businessmen who arose during the war are striving to dominate and control the whole economy without allowing any space for other businesspersons. He accused them of creating monopolies through their influence on economic, financial and monetary policies,<sup>52</sup> and publicly condemned them as “intruders” who impede the return of the business diaspora and economic recovery in Syria. In a clear reference to these business warlords, he called for opposition to any attempts to interfere or harm relations between Syrians and Egyptians or Syrian investments in Egypt, which constituted “red lines” not to be crossed.<sup>53</sup>

Despite these challenges, Syrian businesspersons have, however, tried to financially support family members and local communities by sending remittances. The young Syrian businessman based in Egypt mentioned above, for instance, on nearly a monthly basis has been transmitting money to his aunt in his city of origin, who in 2022 distributed an estimated 50,000 SYP (equivalent to USD 16.6 at the official exchange rate of 3,015 SYP/USD at the time of conducting the interview) to families in need, ranging from 20 to more than 50 families depending on the month. Another interviewee, Dr. al-Chach, similarly explained that she was part of a network of Syrian businesspersons in Egypt who gathered donations for particular purposes, such as covering the costs of a surgical operation, the education of a student, a wedding or medicine, etc. In both cases funds are transmitted by means of individuals travelling to Syria from Egypt, which is the preferred option in the majority of cases. There is, however, no organised assistance for larger projects such as restoration of a building or infrastructure.

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48 Lujain Suleiman, “Chairman of the Syrian Businessmen Association in Egypt, Khaldoun al-Mouakeh told ‘Hashtag’: ‘We Want to Communicate with a Decision-Maker Capable of Change’,” (in Arabic), *Hashtag*, 18 January 2022, <http://bit.ly/3WPLsol>

49 Interview with a Syrian businessman based in Dubai and with close connections with Syrian businessmen in Egypt, September 2022, and Interview with a Syrian businessman based in Aleppo, September 2022. See also Sinan Hatahet, “To Stay or To Leave? The Dilemma for Independent Syrian Businessmen,” Policy Brief, (Florence: European University Institute, Middle East Directions, Wartime and Post-Conflict in Syria, November 2021), <https://bit.ly/3P73TkR>

50 Interview with a Syrian businessman based in Egypt since summer 2013.

51 Interview with Hala al-Chach, November 2022.

52 Interview with Khaldoun al-Mouakeh, November 2022.

53 Khaldoun al-Mouakeh, *Facebook*, 10 December 2022, <https://bit.ly/3YhKnpO>



In a context where economic and trade exchanges between Egypt and Syria remain weak,<sup>54</sup> it will be difficult for the SBAE to be a more active player in a potential future Syrian economic recovery without a political boost between the two countries. If Cairo's position regarding regional normalisation of Damascus has shifted since 2013, its recent stance against the reintegration of Syria into the League of Arab States (LAS) is connected to its strong relations with, and increasing dependence on, the Kingdom of Saudi Arabia.<sup>55</sup> The ongoing economic crisis in Egypt will only make it more dependent on the Saudi Kingdom.<sup>56</sup> Fostering Damascus's political normalisation, is therefore not a priority for Cairo and is of secondary importance.

## Conclusion

The activities of Syrian businesspersons in Egypt have considerably grown in the past decade following the outbreak of the uprising in Syria in 2011 and the arrival of several hundred thousand of Syrians. The vast majority of Syrian businesspersons now residing Egypt have no prospects of returning to Syria, as their living and working situations in their host country are generally described as good and welcoming. Interviewees also mentioned the very similar cultural and social traditions and backgrounds in Egypt, which facilitate their integration and mixing with Egyptian society. In addition to this, the Syrian presence in Egypt is generally viewed positively by much of the Egyptian population and the local media. This is in stark contrast with other regional countries such as Lebanon and Turkey, where anti-Syrian sentiments have been continually increasing together with authoritarian measures to force them to return to Syria. However, the deterioration of the economic crisis in Egypt could represent a growing problem for Syrian businessmen in Egypt and an obstacle for new arrivals from Syria.

The economic and political situations in Syria are unsuitable for a return of businesspersons in Egypt and elsewhere. Alongside shortcomings relating to infrastructure, sanctions and a lack of energy commodities, the main problem lies in the predatory nature of the business environment in Syria, with new business actors affiliated with the centres of power seeking to dominate all sectors of the economy and being unwilling to see other actors enter the Syrian market, including businesspersons maintaining cordial relations with the Syrian government. This hostile context is also one of the main reasons why the SBAE and the GSBW have been unable to encourage investments and economic exchanges with Syria or play a more significant role in the country. In addition to this, the absence of further political rapprochement between Cairo and Damascus, with no visits of officials between the two countries and no more economic exchanges, prevents any more important role for the SBAE in Syria.

A departure of the Syrian business community from Egypt will therefore most probably be connected to the evolution of economic and political developments in their new home country rather than in Syria, where the future remains bleak and impediments continue to grow preventing any large-scale return.

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54 Trade between Egypt and Syria has been somewhat constant and modest since 2016, ranging from a minimum of USD 312 million in 2016 to a maximum of USD 412.3 million in 2018. While Egypt was Syria's 6th largest trading partner in 2021 with a total volume of trade of USD 358.7 million, Damascus remains a very small partner for Cairo. Egypt's total volume of trade was estimated at USD 134.4 billion in 2021 and its main trading partners are China (USD 19.97 billion), the Kingdom of Saudi Arabia (USD 9.1 billion), the United States (USD 6.5 billion), Turkey (USD 6.7 billion) and the UAE (3.7 billion).

55 Prior to the LAS summit in Algeria in November 2022, Sameh Shoukry, Egyptian Minister of Foreign Affairs, ruled out Syria regaining its seat at the LAS and stressed the need for Damascus to take steps to guarantee its return. He also called for a political solution based on UN Resolution 2254. This is in stark contrast with his statement of March 2019, when he stated that Cairo does not have any conditions for Syria's return.

56 In 2022 Saudi Arabia was Egypt's second most important investor with total investments of USD 6.12 billion. In November 2022 Saudi Arabia also extended the term for a USD 5 billion deposit it made to Egypt's Central Bank, a move to support the Egyptian economy. Egyptian foreign reserves diminished from USD 41 billion in February 2022 to USD 33.5 billion in December 2022, including USD 28 billion in the form of deposits by Gulf monarchies. Moreover, in the context of a worsening economic situation, the Egyptian state has sought to mitigate the crisis by attracting more investment from wealthy Gulf monarchies, including the KSA. Alongside these dynamics, Cairo is negotiating with Riyadh on key issues such as the islands of Tiran and Sanafir, transfer of the ownership of which to Saudi Arabia is considered a key step in the normalisation of relations between the Saudi Kingdom and Israel.

Even in the case of a political normalisation of Damascus alongside a progressive lifting of sanctions, a large-scale return of Syrian businesspersons and of their economic activities is unlikely in the short and medium term. Egypt may be witnessing the establishment of a new Syrian business diaspora taking root in the country, after a first one in the 19th and the beginning of the 20th centuries involved in middle eastern trade, which expanded massively. The departure of a large majority of Syrian businessmen in the mid-1950s from Egypt was linked to the country's political development following the arrival in power of Gamal Abdel Nasser in Egypt and nationalisation policies which dispossessed foreign business communities.<sup>57</sup>

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57 See Robert Tignor, "The Economic Activities of Foreigners in Egypt, 1920-1950: From Millet to Haute Bourgeoisie," *Comparative Studies in Society and History*, July 1980, Vol. 22, No. 3, 416-449

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