TOBB

How to Design an Economic Recovery?
A Strategy Proposal for Syria

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TABLE OF CONTENTS

Figures Table

Executive Summary

1. This study examines how a structured economic recovery process can be designed in Syria through the establishment of secure and well-equipped industrial zones.
2. The study examines Syria's post-war economic structure, trade and investment climate, industrial zones, and the reconstruction process based on findings from surveys and interviews conducted with businesses founded by Syrian refugees and Turkish entrepreneurs across seven provinces in Türkiye. The survey was administered to 1,024 Turkish and 1,005 Syrian businesspeople between March 7 and April 14 2025. The report also evaluates the economic relations between Türkiye and Syria, as well as the current state of trade. A detailed assessment regarding Syria's post-war situation is presented in Appendix 1. The detailed findings from focus group meetings and interviews held with Syrian and Turkish businesspeople in Mersin, along with related recommendations, are included in Appendix 2. Lastly, the survey form developed based on these interviews is provided in Appendix 3.
3. The civil war that began in Syria in 2011 has, over the past 13 years, profoundly disrupted the country's economic, social, and institutional structures. With opposition groups seizing control of Damascus on December 8, 2024, the 61-year-long Ba'ath regime came to an end, marking the beginning of a new era in the country.
4. Syria's upcoming new period can be examined through three key concepts:
    a. Political restructuring: Establishing a climate of trust, creating a legal framework, and ensuring the functionality of governance mechanisms.
    b. Economic recovery: Increasing labor force participation, revitalizing trade and production, and enabling the effective functioning of market mechanisms.
    c. Economic reconstruction: Strengthening physical infrastructure, rebuilding cities, and implementing large-scale investment projects.
5. Economic reconstruction is closely linked to achieving political stability and fostering a secure environment. Lasting political stability, in turn, depends on economic recovery—specifically, meeting basic economic needs and expanding employment opportunities. Therefore, a swift and effective economic recovery is vital for restoring social order and establishing a stable framework for Syria's economic revitalization. In this context, secure and well-equipped industrial zones could serve as a critical step toward rapidly normalizing daily life.
6. Hosting approximately 2.9 million Syrian refugees and sharing a 911-kilometer border with Syria, Türkiye is inevitably positioned to play a critical role in Syria's reconstruction process. The main reasons for this are as follows:
    a. During the Syrian Civil War, Türkiye strengthened its trade ties with Syria and became the country's largest trading partner.
    b. A total of 34,210 Syrian-partnered companies have been established in Türkiye from 2010 to the present. These companies have significantly contributed to the revitalization of trade between Türkiye and Syria. In the coming period, they are expected to further strengthen the economic potential between the two countries.
7. To gain a better understanding of the investment climate and economic recovery process in Syria, focus group discussions and one-on-one interviews were conducted with Syrian businesspeople in Türkiye. Based on the outcomes of these meetings, the main obstacles to doing business in Syria and the proposed solutions are as follows:
    a. Due to sanctions, the banking system in Syria has become non-functional. Turkish banks and mobile payment applications should be made operational in Syria.
    b. The lack of basic services such as electricity, water, and internet is negatively impacting industrial and commercial activities in Syria.

c. The biggest obstacle for companies trading with Syria is the high cost of freight transport. Disruptions in customs procedures and logistics processes pose a threat to the sustainability of trade.
d. Security-related risks, along with inadequacies in trade routes, border crossings, and logistics infrastructure, directly hinder industrial and commercial activities in Syria. <u>The establishment of secure and well-equipped industrial zones is therefore of critical importance in this regard.</u>

8. On March 7, 2025, a comprehensive survey was conducted among 1,024 Turkish and 1,005 Syrian businesspeople across the provinces of Kahramanmaraş, Şanlıurfa, Kilis, Gaziantep, Hatay, Mersin, and Adana. The main findings of this survey are as follows:
    a. When examining the payment methods used in firms' exports to Syria, 78.7% of payments were made "in cash by hand," while the Hawala system was used in 4.5% of transactions.
    b. Long waiting times at customs on both the Turkish and Syrian sides, payment-related issues, infrastructure deficiencies, and the limited capacity of transport companies were among the most frequently mentioned obstacles by firms.
    c. 53.9% of Syrian partnered Turkish companies stated that they intend to open a business in Syria in the future. The same rate was 23.3% among Turkish companies. In the 2018 survey, this rate had been 28% for Syrian-partnered companies.
    d. Syrian-partnered Turkish companies make investment decisions in Syria both due to the increasing difficulties of doing business in Türkiye and emerging market opportunities in Syria. On the other hand, Turkish companies tend to view Syria as an alternative production and sales hub due to its unsaturated market structure and affordable labor force.
    e. Syrian-partnered Turkish companies cited insufficient electricity, water, and security infrastructure as the main barriers to investment, while Turkish companies highlighted security concerns, lack of legal assurances, and banking system problems as their top challenges.
    f. Survey results show that Syrian-partnered companies most frequently requested matchmaking programs and communication office support from TOBB, while Turkish companies emphasized not only matchmaking programs but also the need for Arabic language support.
    g. Both Syrian-partnered and Turkish companies identified the establishment of secure and well-equipped industrial zones as a top priority. This need is particularly significant for export-oriented firms.
    h. Security risks, trade routes, border crossings, deficiencies in the banking system, and logistics infrastructure directly hinder industrial and commercial activities in Syria. Therefore, the creation of secure and fully serviced industrial zones is of critical importance.
9. Türkiye's experience with Organized Industrial Zones (OIZs) could serve as a source of inspiration for Syria's economic recovery. Rather than developing access to public services uniformly across the country, Türkiye initially focused on perfecting them in specific regions to drive industrialization. The OIZ model has made production more efficient and sustainable by establishing well-equipped, investment-friendly industrial areas.
10. <u>Expanding the supply chains of Turkish companies established by Syrian refugees toward industrial zones in Syria that would operate under a model similar to Turkish OIZs could serve as an effective starting strategy for a structured and sustainable economic recovery in the country.</u>

11. To ensure the sustainability of economic recovery in Syria, the OIZ-focused approach can be addressed through two different methods:
    a. Establishing New Industrial Zones: Newly developed industrial zones can be designed as modern, logistically advantageous, and sustainable production centers. These zones would eliminate uncertainties surrounding property rights, thereby encouraging direct investment and supporting organized production processes.
    b. Rehabilitation of Existing Industrial Zones: Restoring existing industrial areas and making them suitable for production could yield quicker results. However, this approach requires careful consideration of risks such as security conditions, infrastructure deficiencies, and legal obstacles.
12. In this context, the current state of existing industrial zones and the issues to be addressed during the restructuring process can be further detailed. However, for a quick assessment, the following points stand out:
    a. When examining the volume of industrial structures in Syria, Idlib, Aleppo, and Latakia stand out as key regions in terms of industrial activity and also hold strategic importance.
    b. Aleppo, as Syria's largest industrial hub, plays a critical role in both traditional manufacturing sectors and trade. The city hosts 28 different industrial zones, with Sheikh Najjar, Liramun, and Shkayif standing out in particular. However, widespread issues such as damaged electricity and water infrastructure, a shortage of skilled labor, and logistical capacity problems severely hinder production activities in these areas.
    c. Although the Latakia region has limited industrial space, its status as Syria's most important port city gives it significant logistical advantages, making it strategically positioned to enhance the country's trade potential. The nearby industrial area could be considered for conversion into a free trade zone.
    d. In the Idlib region, Sarmada stands out due to its proximity to both Aleppo and Latakia. Once a small border town before the war, Sarmada has become a key hub for trade with Türkiye following the decline of security in Aleppo. Located just 8.5 kilometers from Türkiye's Reyhanlı district in Hatay, this area could also be considered for conversion into a free trade zone.
13. A framework for designing pilot safe zones in Syria can be developed by drawing on the experiences of the TOBB Industry for Peace (TOBB BİS) project, supported by the Union of Chambers and Commodity Exchanges of Türkiye (TOBB). The Jenin Free Industrial Zone, officially recognized by the Presidency of the Republic of Türkiye as the first Turkish Organized Industrial Zone abroad, has been completed and is set to become operational in 2026. Therefore, a legal and regulatory infrastructure for Turkish OIZs abroad already exists.
14. **According to the regulations, overseas Organized Industrial Zones (OIZs) can be established independently by private companies or in partnership with an existing OIZ.** Additionally, under state support schemes for overseas OIZ projects, technical assistance is provided in areas such as planning, infrastructure development, operational processes, and access to financing.
15. In Syria, Investment Law No. 18 of 2021 was enacted to improve the investment climate and encourage foreign direct investment in the country. Coming into force on May 19, 2021, the law outlines the rights and obligations of investors and permits mechanisms such as investment incentives and the establishment of special economic zones.
16. Türkiye's role in Syria's economic recovery is significant due to its geographical proximity, trade ties, and experience in industrial infrastructure. However, industrial zones must be envisioned not only as production sites but also as sustainable living spaces. Integrating services such as

education, banking, childcare, bakeries, and restaurants—alongside security and infrastructure—into these zones, and designing them as small settlements that also provide municipal services, in line with the Turkish OIZ model, will ensure continuity in production. This approach will encourage workforce settlement in the region and help revive economic life.

Introduction

This report focuses on how a structured economic recovery process in Syria can be designed through secure and well-equipped industrial zones. It draws on findings from interviews conducted with businesses established by Syrian refugees in Türkiye, as well as survey results gathered from Turkish-Syrian joint ventures located in seven provinces where Syrian-partnered companies are heavily concentrated.

The report explores Syria's post-war economic structure, trade and investment climate, industrial zones, and reconstruction processes. It also assesses the economic relations between Türkiye and Syria, as well as the current state of trade. Evaluations regarding Syria's post-war situation are presented in Appendix 1. Appendix 2 includes focus group meetings, interviews, and recommendations derived from sessions held with Syrian and Turkish businesspeople in Mersin. Finally, Appendix 3 contains the survey form developed from these discussions, which was administered to 1,024 Turkish and 1,005 Syrian businesspeople on March 7, 2025.

The civil war that began in Syria in 2011 has, over the past 13 years, deeply shook the country's economic, social, and institutional structures. With opposition forces capturing Damascus on December 8, 2024, thereby bringing an end to the 61-year Ba'ath regime, a new political and economic era has begun in the country. Much of the infrastructure has been severely damaged—power plants, water supply systems, transportation networks, housing, and industrial facilities have all sustained significant destruction. In addition, the war has exposed further challenges such as the collapse of infrastructure collapse, the loss of human capital, and the breakdown of institutional capacity.

Due to the war, a large portion of factories and production facilities in Syria's industrial zones were destroyed, and agricultural lands suffered comparable levels of damage. The conflict has also significantly reduced the country's overall electricity generation capacity, while losses in energy and water infrastructure have severely hindered economic activities. This widespread destruction has disrupted Syria's development process and is expected to have longlasting impacts for many years to come.

In this context, the country's upcoming phase **can be examined through three key concepts:**

- **Political restructuring:** Establishing a climate of trust, creating a legal framework, and making governance mechanisms functional.
- **Economic recovery:** Increasing labor force participation, revitalizing trade and production, and enabling the proper functioning of market mechanisms.
- **Economic reconstruction:** Strengthening physical infrastructure, rebuilding cities, and implementing large-scale investment projects.

The successful realization of economic reconstruction depends on securing the resources needed for rebuilding infrastructure and cities, as well as making progress in the political transition process. In this regard, achieving political stability, establishing a secure environment, and normalizing daily life are essential prerequisites. Fulfilling these conditions will, in turn, facilitate the process of economic recovery.

The normalization of daily life—such as citizens returning to work, schools reopening, and the resumption of essential businesses like bakeries—requires a rapid and effective economic recovery. At the same time, in order for political stability to become permanent, it is crucial first to meet basic economic needs and expand employment opportunities.

While humanitarian aid plays a critical role in the economic recovery process, reactivating market mechanisms is essential for achieving a lasting and sustainable solution. In this context, normalizing life in specific areas**—particularly within industrial zones—**is a crucial step toward establishing a stable structure in Syria's economic recovery process.

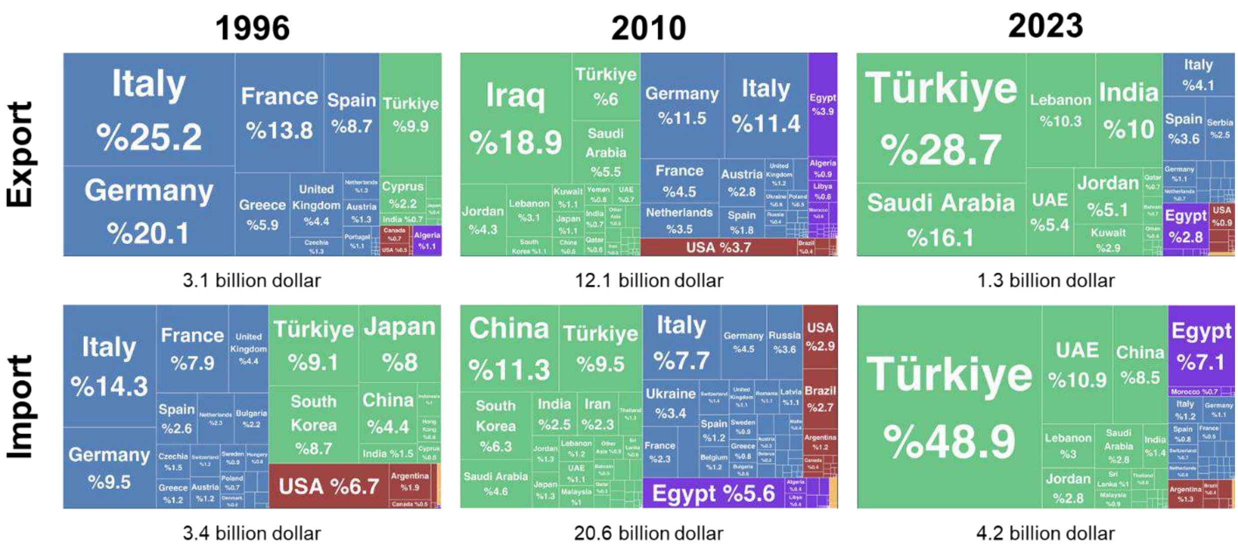
For this process to succeed, Türkiye's role will be critical, as it hosts approximately 2.9 million Syrian refugees and shares a 911-kilometer border with Syria. The main reasons are as follows:

First and foremost, during the Syrian Civil War, Türkiye strengthened its trade ties with Syria and became its largest trading partner.

Syria's exports, which stood at $12.1 billion in 2010, had declined by 90% to $1.3 billion by 2023. Its imports also fell from $20.6 billion to $4.2 billion over the same period. While Syria primarily traded with European and Asian markets before the war, the conflict forced the country to shift its trade toward regional actors. As of 2023, Türkiye accounted for 28.7% of Syria's exports and 48.9% of its imports.

Due to infrastructure destruction and logistical constraints, Türkiye has become the largest and most stable trade channel for Syria. From Türkiye's perspective, the situation is different; while its trade network continues to expand, Syrian entrepreneurs are playing a critical role in this process. These entrepreneurs, who are well-acquainted with both the Turkish and Syrian markets and capable of developing trade connections in both countries, are playing a key role in strengthening economic relations between the two nations.

Figure 1- Syria's export and import partners, 1996-2023



Source: CEPII BACI[1], TEPAV calculations

Secondly, through the thousands of companies they have established in Türkiye, Syrians are not only strengthening the economic ties between the two countries but also making significant contributions to the expansion of trade networks.

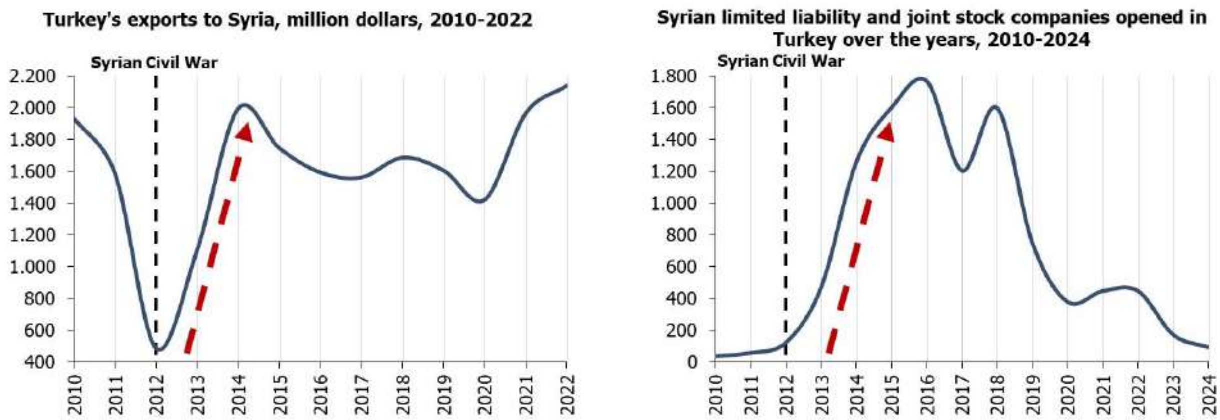
Thanks to their deep understanding of the dynamics of the Syrian market, Syrian entrepreneurs have played a key role in the recovery of Türkiye's exports to Syria—and they are expected to continue

[1] Guillaume Gaulier & Soledad Zignago. (2010). BACI: International Trade Database at the Product-Level – The 1994-2007 Version. CEPII Working Paper No. 2010-23.

doing so in the future. According to data from the Union of Chambers and Commodity Exchanges of Türkiye (TOBB), a total of 34,210 Syrian-partnered companies have been established since 2010, of which 12,635 are fully owned by Syrian partners. Currently, out of 30,135 active companies, 5,123 operate in the manufacturing sector.

These companies, operating in sectors where commercial ties between Türkiye and Syria are strong, have successfully adapted to both the Turkish and Syrian markets. While Türkiye's exports to Syria fell to $486 million in 2012, they rebounded to $2.1 billion by 2023. The trade networks established by Syrian entrepreneurs have played a significant role in this recovery and are expected to remain crucial moving forward. As political and economic conditions improve, these companies are expected to gradually relocate their production activities to Syria and restructure the trade value chains between the two countries, thereby further strengthening economic integration.

Figure 2- Türkiye's exports to Syria and the number of Syrian-owned companies in Türkiye



Source: TOBB, CEPII[2], TEPAV visualisation

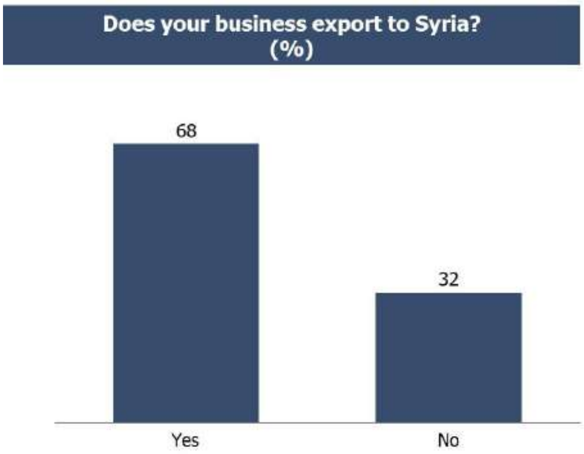
Barriers to Doing Business in Syria: Initial Findings from Focus Group Meetings

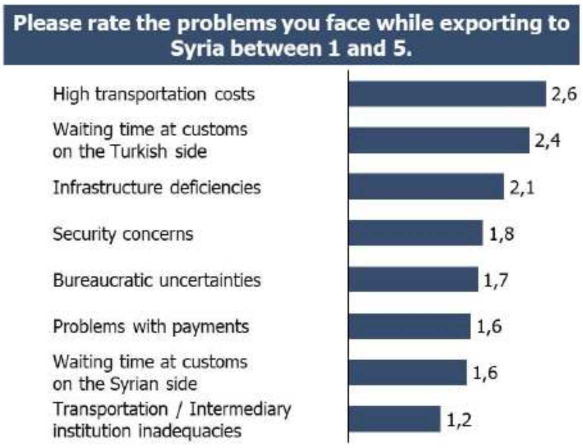
As part of the study, focus group meetings and one-on-one interviews were conducted to gain a better understanding of the investment climate and economic recovery process in Syria. These meetings, held with Turkish and Syrian businesspeople operating in provinces such as Mersin and Antakya—where Syrian-partnered businesses are concentrated—focused on identifying barriers to commercial activity and assessing potential investment opportunities.

Interviews revealed that 68% of the businesses surveyed export to Syria and challenges encountered in the export process were rated on a scale from 1 (lowest) to 5 (highest). According to the results, the most significant issues identified were high transportation costs (2.6) and delays at customs on the Turkish side (2.4). Other major challenges impacting the sustainability of trade included inadequate infrastructure (2.1) and security concerns (1.8). Bureaucratic uncertainty (1.7) and payment difficulties (1.6) were also noted as factors complicating business operations. The relatively low score of delays at customs on the Syrian side (1.6) reflects the lack of a functioning customs system in the country.

Figure 3- Exports from Türkiye to Syria: Obstacles encountered

[2] Guillaume Gaulier & Soledad Zignago. (2010). BACI: International Trade Database at the Product-Level – The 1994-2007 Version. CEPII Working Paper No. 2010-23. Access via: https://www.cepii.fr

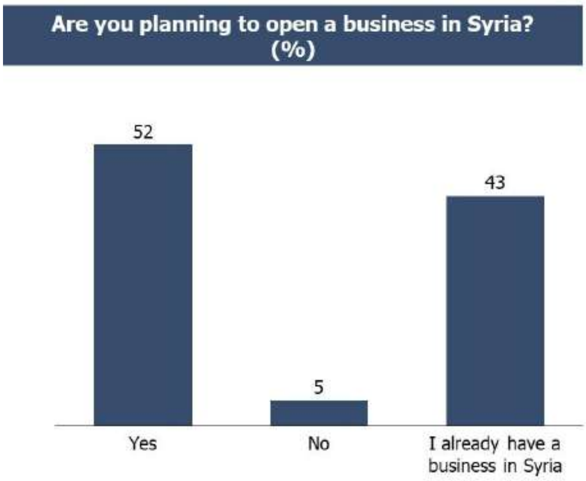


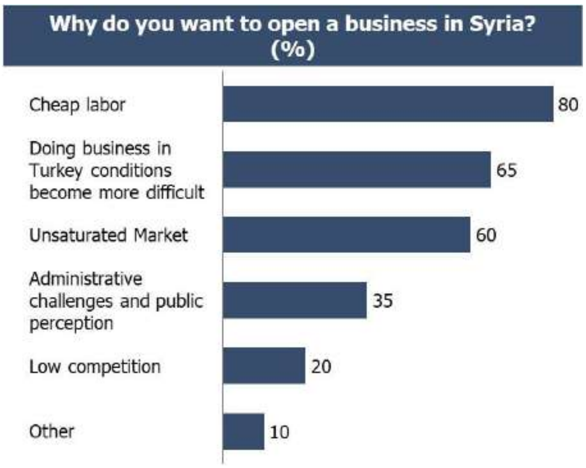


Source: Mersin Chamber of Commerce and Industry meeting Mentimeter results, TEPAV calculations

Among the companies participating in the meeting, 52% reported considering opening a business in Syria, while 43% already had an existing operation there. The primary motivations behind the decision to establish a business in Syria include access to cheap labor (80%), increasingly difficult business conditions in Türkiye (65%), and the fact that the Syrian market has not yet reached saturation (60%). Other factors influencing investment decisions, though to a lesser extent, include administrative challenges and social perceptions in Türkiye (35%), low competition in Syria (20%), and various other reasons (10%). It is evident that rising costs and regulatory pressures in Türkiye are pushing more investors to seek more favorable cost and market conditions in Syria. However, participants clearly stated that even if they open new businesses in Syria, they have no intention of ending their operations in Türkiye. All businesspeople surveyed affirmed that they would continue running their companies in Türkiye. This indicates that initiatives in Syria are being planned as a complement to, rather than a replacement for, their existing business activities in Türkiye.

Figure 4- Trends and motivational factors in starting a business in Syria



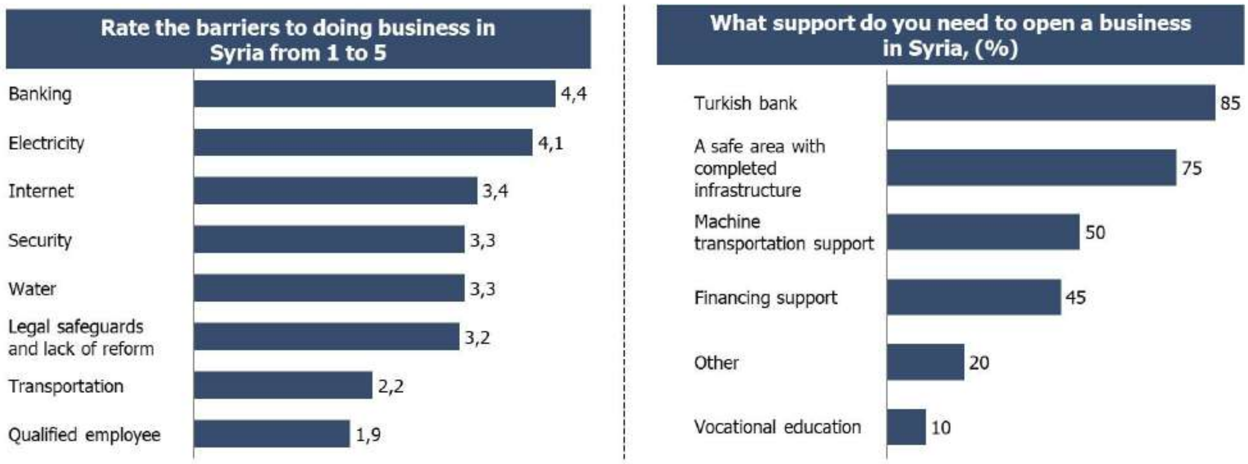


Source: Mersin Chamber of Commerce and Industry meeting Mentimeter results, TEPAV calculations

During the meetings, participants rated the barriers to doing business in Syria on a scale from 1 to 5 (with 5 indicating the most severe obstacle). According to this assessment, the most critical issues identified were lack of access to the banking system (4.4) and deficiencies in the electricity infrastructure (4.1). Limited internet access (3.4), security concerns (3.3), and water supply issues (3.3) were also highlighted as significant constraints for sustaining business operations. Meanwhile, the absence of legal safeguards and reform (3.2) contributes to increased uncertainty in the investment climate. Although transportation issues (2.2) and a shortage of skilled labor (1.9) were considered to have a relatively lower impact, they were still seen as factors that complicate doing business.

The most critical requirement for companies to establish operations in Syria was identified as the presence of Turkish banks, cited by 85% of respondents. Other key necessities for sustaining business activities included secure, well-equipped zones (75%), support for transporting machinery (50%), and access to financial assistance (45%). Additional support needs (20%) and demand for vocational training (10%) were mentioned to a lesser extent.

Figure 5- Barriers to doing business in Syria and support needed to start a business



Source: Mersin Chamber of Commerce and Industry meeting Mentimeter results, TEPAV calculations

In the meetings held, businesspeople identified the most pressing issue as the non-functioning banking system in Syria due to sanctions, emphasizing the urgent need for Turkish banks to become operational in the country. The absence of a formal banking system leads to financial transactions remaining unregistered, making it difficult to conduct trade in a secure and sustainable manner.

The second most pressing issue raised was the inadequacy of essential services such as electricity, water, and internet, which directly hampers industrial and commercial activities in Syria. Power outages disrupt production processes, while insufficient water supply poses a major obstacle for businesses in sectors like food, textiles, and construction. Meanwhile, weak internet infrastructure restricts commercial activities across various areas—from financial transactions to logistics management—and makes it difficult for businesses to access international markets.

The third most significant issue for companies trading with Syria is the high cost of transportation. Disruptions in customs procedures and logistical processes pose a threat to the sustainability of trade. Since Türkiye-Syria trade largely depends on border crossings, logistical problems and uncertainties in customs procedures—particularly at the Cilvegözü Border Gate—cause delays in export operations. Businesspeople emphasized that reopening the Ceylanpınar and Nusaybin border gates for commercial activities would accelerate the flow of trade and create new export opportunities for companies.

The fourth major issue raised by businesspeople participating in the meeting was security-related risks. In this context, improving the investment climate requires several critical priorities: ensuring the safety of trade routes, enhancing border crossing procedures and logistical infrastructure, and promoting economic activities in secure zones. These measures are seen as essential for creating a stable and supportive environment for investment.

During the discussions, Syrian businesspeople emphasized the lack of secure and well-equipped industrial zones. As a result, one proposed approach is to initially concentrate resources in a specific pilot area to rapidly complete the industrial infrastructure and ensure that production can proceed safely and efficiently.

Türkiye's experience with OIZs could serve as an inspiration for Syria's economic recovery.

Türkiye industrialized not by ensuring access to public services uniformly across the entire country, but by first perfecting them in specific regions. The OIZ model made production more efficient and sustainable by creating investment-friendly industrial areas with fully developed infrastructure. Since their inception in 1962, OIZs have grown to 291 by 2025, enabling the clustering of industry in designated regions, reducing production costs, and accelerating investment processes.

Box 1- Türkiye's Experience in Idlib: Security and Economic Revival[3]

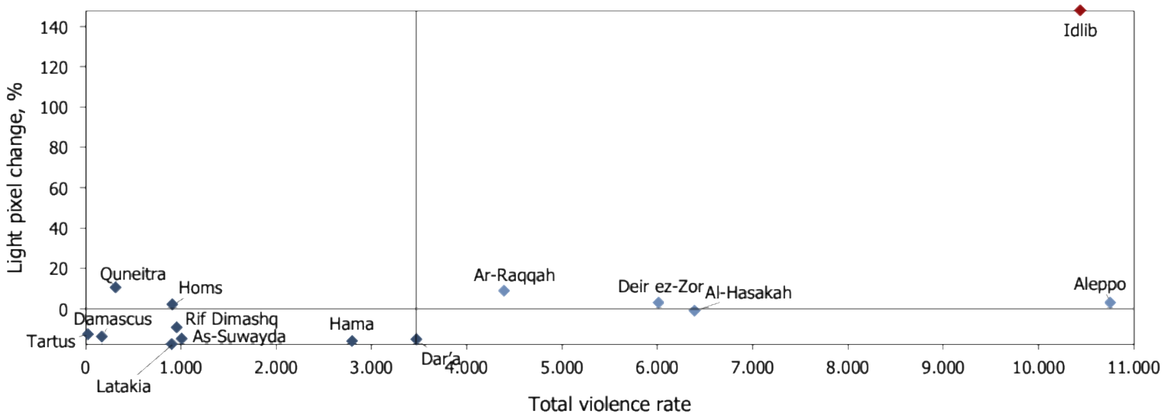
Nighttime lights are an indicator based on satellite imagery that measures artificial illumination on Earth during nighttime hours. They can be used as an indirect but reliable measure of factors such as the intensity of economic activity, level of urbanization, infrastructure development, and commercial mobility. Particularly in post-conflict regions, increases or decreases in nighttime light intensity offer important clues for understanding the state of infrastructure repair, the revival of economic activity, commercial mobility, and industrial production.

Lit pixels are data points on nighttime satellite imagery that represent areas of brightness caused by artificial light sources in a given region. The density of these pixels is considered an indicator of economic activity, infrastructure development, and human mobility in the area. According to data from 2020 to 2023, the highest increase in lit pixels across Syria was recorded in Idlib, with an annual growth rate of 147%. Notably, this occurred despite Idlib ranking second after Aleppo in terms of the total number of violent incidents. In contrast, regions like Aleppo and Deir ez-Zor continue to experience violence, yet no significant increase in nighttime lights is observed in the data.

Türkiye's logistical, security, and economic support has played a decisive role in Idlib's relatively stable structure. The continuity of cross-border trade, infrastructure repairs, and efforts to make local production sustainable have supported commercial activity and enabled industrial production to continue to some extent. The establishment of secure zones under Turkish oversight, the maintenance of open border crossings, and the promotion of trade have all contributed significantly to Idlib's rapid recovery.

[3] Detailed references: (APPENDIX -1 | Section 5)

Figure 6- Change in the number of lit pixels (%) and total intensity events by province, 2020-2023



Source: Chen vd., ACLED, TEPAV calculations

Expanding the supply chains of Turkish companies established by Syrian refugees toward industrial zones in Syria—designed to operate under a model similar to Turkish OIZs—could now serve as an effective starting strategy for a structured and sustainable economic recovery in the country.

Following focus group discussions and interviews with Syrian businesspeople, a survey was conducted among entrepreneurs located in provinces bordering Syria and with a high concentration of Syrian-partnered companies. The aim was to assess their interest in doing business in Syria after recent developments, their motivations, perceived obstacles, and the types of services and support they would need to invest there. The insights gathered through this survey were used to help shape the foundation of a strategy that could effectively support the recovery process. The next section summarizes the findings of this survey.

Survey on Business Conditions in Syria

This study is based on the findings of a survey conducted between March 7 and April 14, 2025, with the participation of 1,024 Turkish businesspeople (50.5%) and 1,005 Turkish businesspeople with Syrian partners (49.5%). The geographical scope of the research includes seven provinces near Türkiye's border with Syria—Adana, Gaziantep, Hatay, Kahramanmaraş, Kilis, Mersin, and Şanlıurfa—where Syrian entrepreneurship is highly concentrated.

Figure 7- Geographical scope of the survey

To accurately reflect the sectoral and geographical distribution of Syrian partnered Turkish companies and Turkish companies, the sample was selected using the stratified sampling method. Stratified sampling is a technique aimed at representing the main population through specific subgroups (strata). In this study, the distribution of Syrian-partnered companies by province and sector was determined using the database of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB). A corresponding sample for Turkish companies was then designed to match this distribution. This approach ensured that comparisons between the two groups could be made in a consistent and reliable manner.

However, since the TOBB database does not include information on firm size, this factor was not taken into account during the sample selection process. Figure 8 presents the sample distribution of Syrian partnered Turkish companies and Turkish companies by province and sector.

Figure 8- Sample distribution of Turkish and Syrian joint companies by province and sector

Nationality	Province	Services	Trade	Manufacture	Total
Syrian partnered Turkish companies	Kahramanmaraş	8	32	23	63
	Şanlıurfa	29	52	10	91
	Kilis	22	45	10	77
	Gaziantep	40	132	98	270
	Hatay	40	125	22	187
	Mersin	89	121	32	242
	Adana	10	46	19	75
	Total	**238**	**553**	**214**	**1005**
Turkish	Kahramanmaraş	9	31	23	63
	Şanlıurfa	34	51	10	95
	Kilis	32	44	10	86
	Gaziantep	51	135	96	282
	Hatay	33	126	22	181
	Mersin	90	121	27	238
	Adana	10	49	20	79
	Toplam	**259**	**557**	**208**	**1024**
Grand total		**497**	**1110**	**422**	**2029**

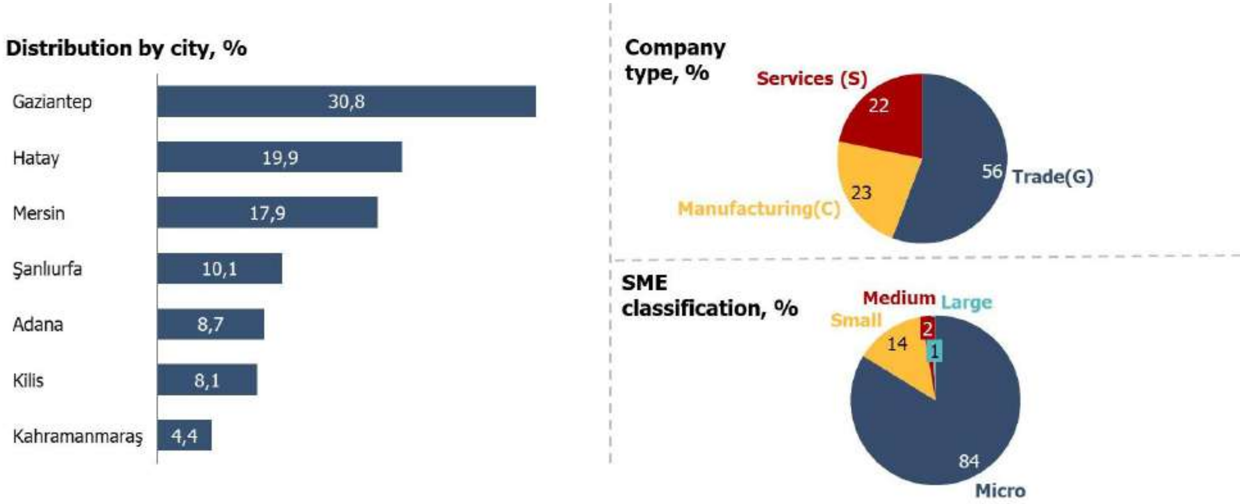
Source: Survey on Business Conditions in Syria, TEPAV calculations

Gaziantep has the highest concentration of companies by province, accounting for 30.8% of the sample. It is followed by Hatay (19.9%) and Mersin (17.9%). Şanlıurfa (10.1%), Adana (8.7%), Kilis (8.1%), and Kahramanmaraş (4.4%) are represented at lower rates.

From a sectoral perspective, 55.7% of the companies operate in the trade sector, followed by 22.5% in manufacturing and 22.8% in services. This distribution by province and sector is identical for both Turkish companies and Syrian partnered Turkish companies, due to the sampling methodology used.

A total of 83.8% of the companies are micro-sized enterprises. They are followed by small-sized companies at 13.5%, medium-sized companies at 1.9%, and large-sized companies at just 0.8%. (Figure 9).

Figure 9- Profile of companies participating in the survey

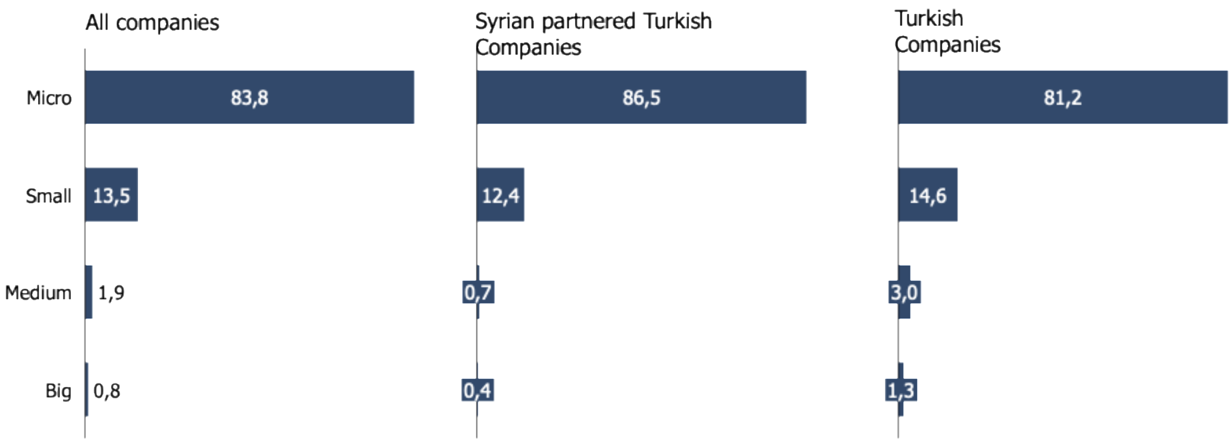


Source: Survey on Business Conditions in Syria, TEPAV calculations

Turkish companies tend to be larger in scale compared to Syrian partnered Turkish companies. According to the SME classification, 86.5% of Syrian-partnered Turkish companies are micro-sized enterprises, while this figure is slightly lower for Turkish companies at 81.2%. In the small-sized enterprise category, 12.4% of Syrian-partnered companies fall into this group, compared to 14.6% among Turkish companies.

Particularly when examining medium and large-sized companies, it is evident that Turkish companies are more likely to scale up compared to Syrian partnered Turkish companies. Among Turkish companies, 3.0% are classified as medium-sized enterprises and 1.3% as large-scale businesses. In contrast, only 0.7% of Syrian-partnered Turkish companies fall into the medium-sized category, and just 0.4% are considered large enterprises (Figure 10).

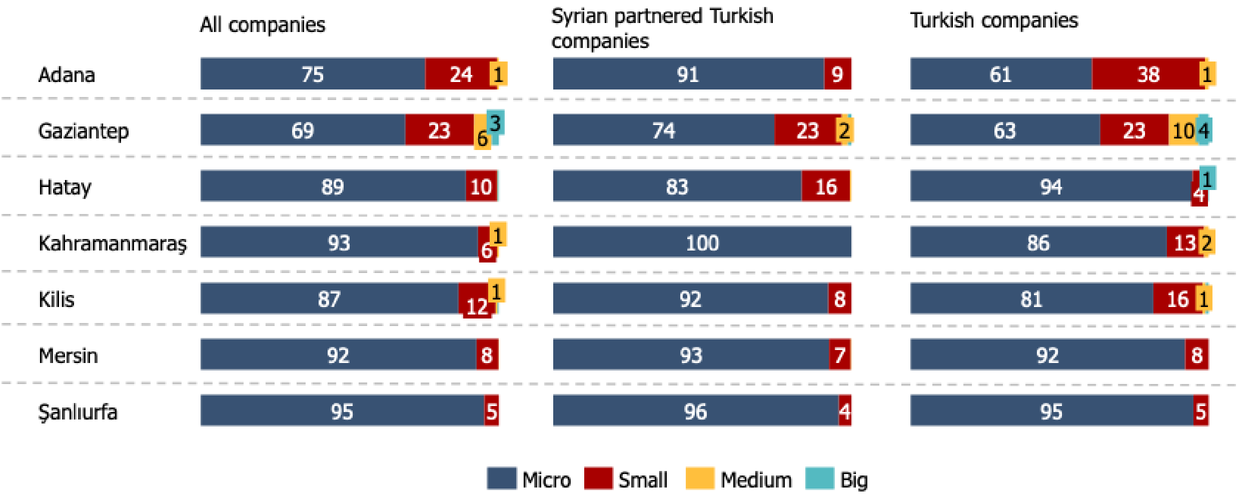
Figure 10- SME classification, %



Source: Survey on Business Conditions in Syria, TEPAV calculations

In the provinces of Adana and Gaziantep, the scale differences between Turkish companies and Syrian partnered Turkish companies are clearly evident. In Adana, 90.7% of Syrian-partnered Turkish companies are micro-sized, whereas only 60.7% of Turkish companies fall into this category; 38% are small-sized and 1.2% are medium-sized. A similar pattern is observed in Gaziantep: 74.1% of Syrian-partnered companies are micro-sized, 22.6% are small, and 1.9% are medium-sized. In comparison, 63.4% of Turkish companies are micro, 23% small, 9.9% medium, and 3.5% large-sized. In other provinces as well, Syrian-partnered companies remain largely micro in scale, while Turkish companies tend to operate at relatively larger scales (see Figure 11).

Figure 11- Company size according to SME classification by province, %



Source: Survey on Business Conditions in Syria, TEPAV calculations

While the trade sector holds a prominent share across all provinces, the manufacturing sector stands out particularly in Adana, Gaziantep, and Kahramanmaraş. In Adana, 62% of Turkish companies operate in the trade sector, 25.3% in manufacturing, and 12.7% in services. Similarly, among Syrian partnered Turkish companies, the distribution is also trade-focused: 61.3% in trade, 25.4% in manufacturing, and 13.3% in services.

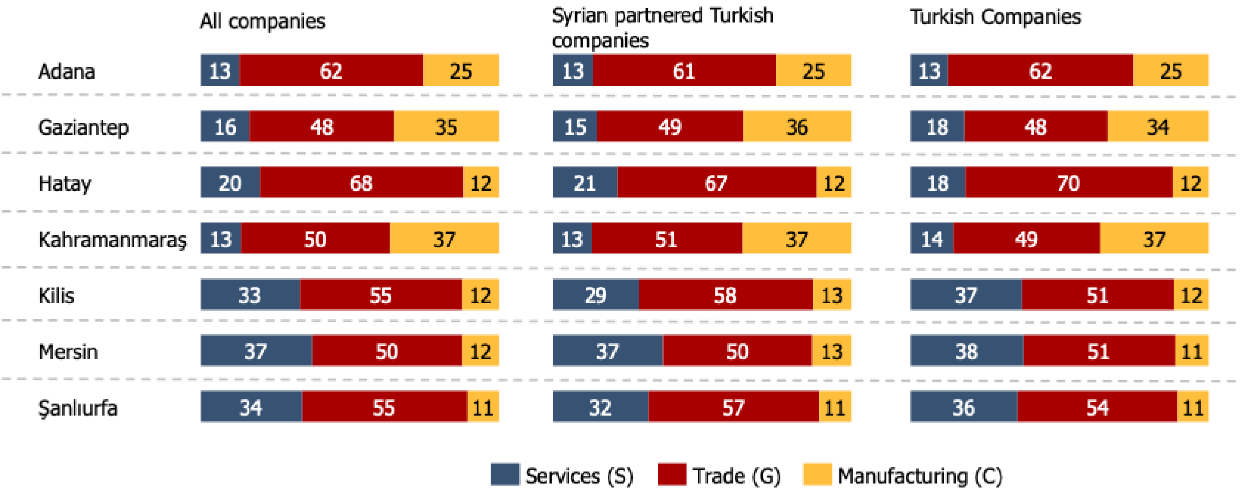
In Gaziantep, 47.9% of Turkish companies operate in the trade sector, 34% in manufacturing, and 18.1% in services. Among Syrian partnered Turkish companies, these figures are 48.9% for trade, 36.3% for manufacturing, and 14.8% for services.

In Hatay, the trade sector is clearly dominant, with 69.6% of Turkish companies and 66.8% of Syrian-partnered Turkish companies operating in this sector.

In Kahramanmaraş, 49.2% of Turkish companies and 50.8% of Syrian-partnered companies are active in trade, while the manufacturing sector holds a notably high share for both groups at 36.5%.

Across the other provinces as well, the trade sector remains predominant, while manufacturing and services are observed to have a more limited presence.

Figure 12- Sectoral distribution by province, %

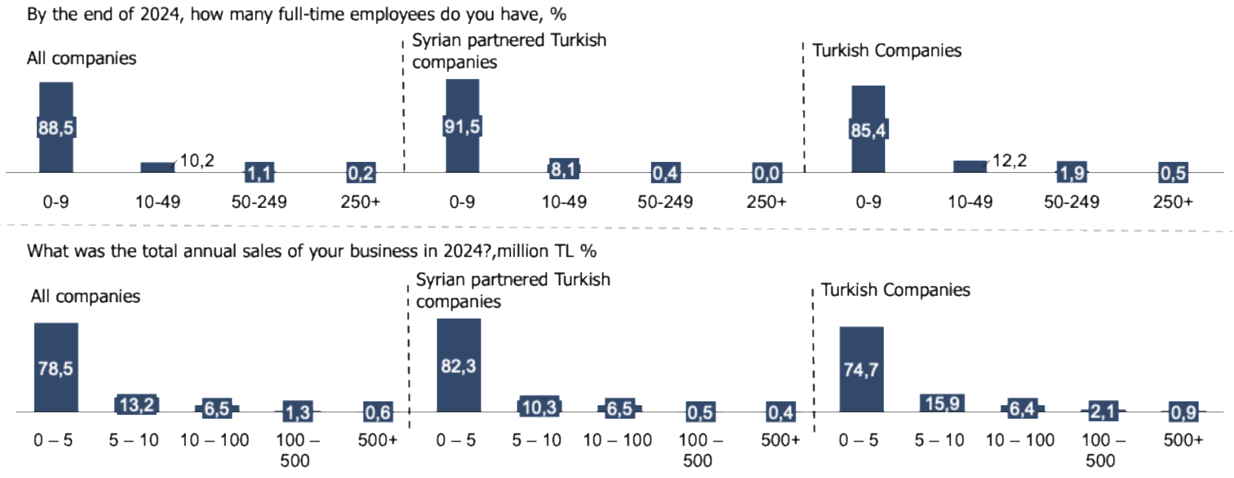


Source: Survey on Business Conditions in Syria, TEPAV calculations

There is a significant difference in the number of employees and annual turnover distribution between Syrian partnered Turkish companies and Turkish companies. As of the end of 2024, 88.5% of all companies operate with 0–9 full-time employees. This figure is higher among Syrian-partnered Turkish companies (91.5%) compared to Turkish companies (85.4%). Among companies with 10–49 employees, 12.2% are Turkish companies, while only 8.1% are Syrian-partnered. Companies with 50–249 employees make up 1.9% of Turkish companies and just 0.4% of Syrian-partnered companies. There are no Syrian-partnered companies with 250 or more employees, whereas 0.5% of Turkish companies fall into this size category.

Looking at the turnover distribution, 78.5% of all companies have an annual turnover of less than 5 million TL. This proportion rises to 82.3% among Syrian-partnered Turkish companies, while it stands at 74.7% for Turkish companies.In the 5–10 million TL range, 15.9% of Turkish companies fall into this category, compared to 10.3% of Syrian-partnered companies. In the 10–100 million TL range, the representation is almost equal: 6.4% for Turkish companies and 6.5% for Syrian-partnered ones. For the 100–500 million TL range, 2.1% of Turkish companies are represented, whereas only 0.5% of Syrian-partnered Turkish companies fall into this bracket. Companies with a turnover of 500 million TL or more account for 0.9% of Turkish companies and just 0.4% of Syrian-partnered companies.

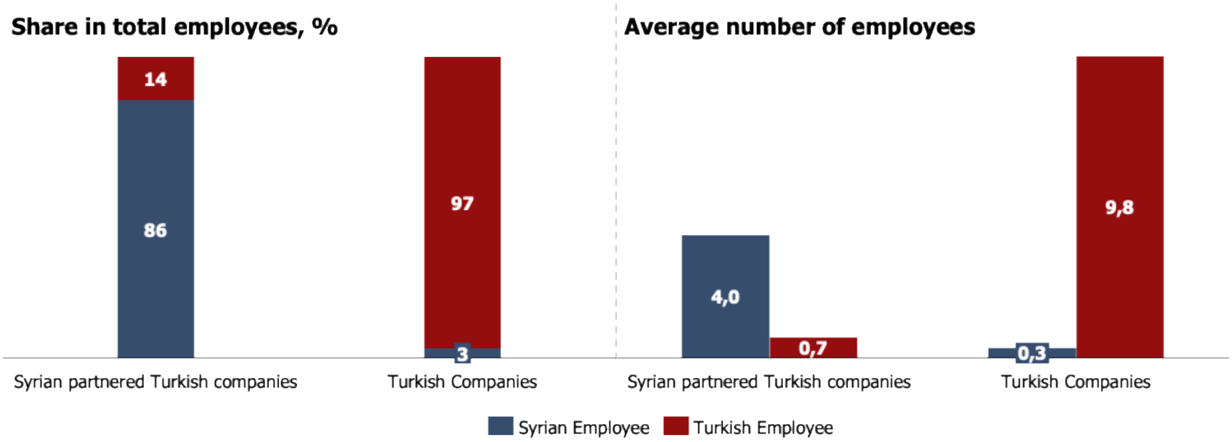
Figure 13- Company sizes based on turnover and number of employees, %



Source: Survey on Business Conditions in Syria, TEPAV calculations

In Syrian partnered Turkish companies, 85.6% of employees are Syrians, while 14.5% are Turkish citizens. In contrast, the distribution is nearly reversed in Turkish companies, where 96.9% of employees are Turkish and only 3.1% are Syrian. Looking at average staff size, Syrian-partnered Turkish companies employ an average of 4 Syrian and 0.7 Turkish workers—approximately 5 people in total. Meanwhile, Turkish companies employ an average of 9.8 Turkish and 0.3 Syrian workers, totaling around 10 employees per firm.

Figure 14- How many full-time employees do you have as of the end of 2024? Please indicate their numbers according to their place of birth.



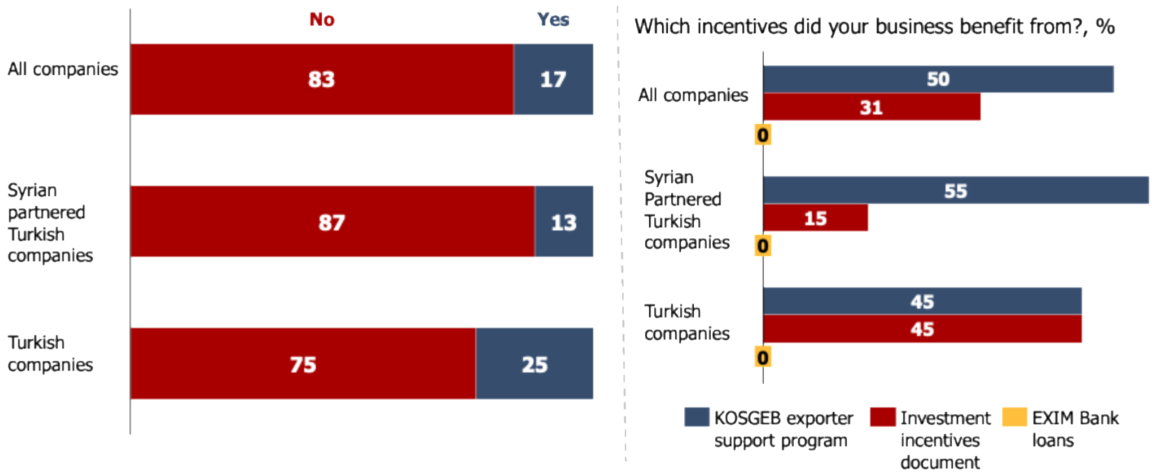
Source: Survey on Business Conditions in Syria, TEPAV calculations

While 16% of Syrian partnered Turkish companies export, this rate remains at 8.5% for Turkish companies. Additionally, 56% of Syrian-partnered companies plan to open a business in Syria, and 86% of these intend to continue their operations in Türkiye as well. Similarly, 41% of Turkish companies expressed interest in establishing a business in Syria, with 89% of them indicating that they have no intention of ending their operations in Türkiye.

The rate at which Syrian partnered Turkish companies benefit from government incentives is significantly lower than that of Turkish companies. Over the past three years, only 12.7% of Syrian-partnered Turkish companies reported receiving any form of incentive, compared to 25.3% of Turkish companies. Overall, 82.9% of all companies stated that they had not benefited from any incentives.

When examining the types of incentives accessed, 55% of Syrian partnered Turkish companies benefited from KOSGEB export support programs, while 15% obtained investment incentive certificates. None of these companies reported using EXIM Bank loans. Among Turkish companies, 45.5% took advantage of KOSGEB support programs, and an equal 45.5% received investment incentive certificates. Similar to their counterparts, none of the Turkish companies utilized EXIM Bank credit facilities**.**

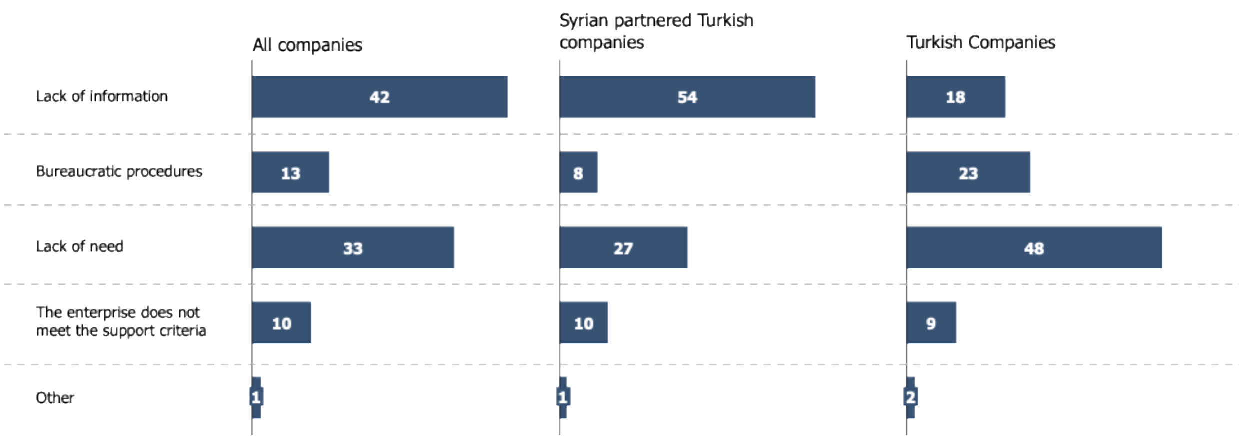
Figure 15- Has your business received any incentives from national, regional or local authorities or international sources in the last three years?, %



Source: Survey on Business Conditions in Syria, TEPAV calculations

When examining the reasons for not receiving incentives, a lack of information stands out as the main barrier for Syrian partnered Turkish companies. Specifically, 53.6% of these companies stated that they were either unaware of the available incentives or lacked sufficient information to benefit from them. In contrast, the most common reason cited by Turkish companies for not seeking incentives was simply "not needing them," mentioned by 47.7%. Only 18.5% of Turkish companies reported lack of information as a barrier. Additionally, bureaucratic procedures were cited as an obstacle by 7.8% of Syrian-partnered companies, compared to 23.1% among Turkish companies.

Figure 16- What is the main reason your business has not received any incentives?, %

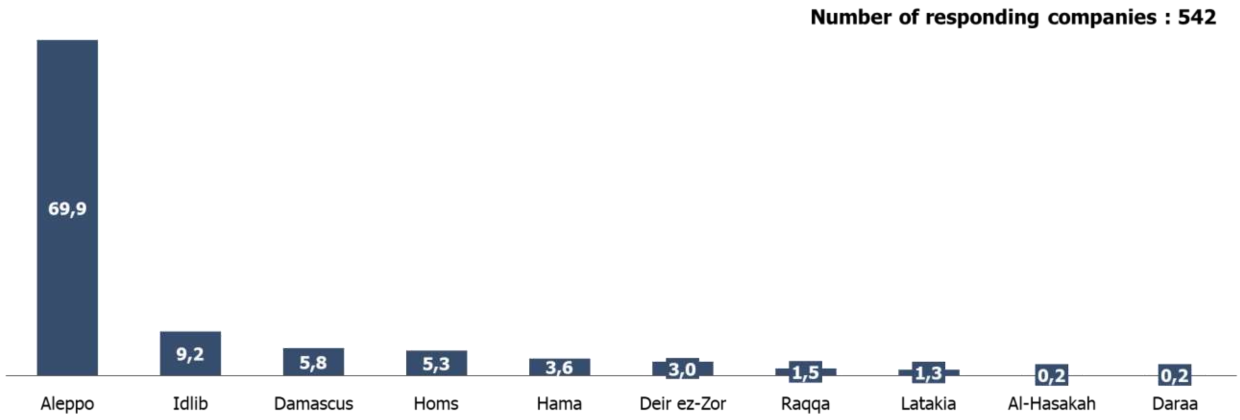


Source: Survey on Business Conditions in Syria, TEPAV calculations

Only 15.3% of Syrian entrepreneurs involved in Syrian partnered Turkish companies hold Turkish citizenship. Among the various pathways to citizenship, the most common has been "acquisition through duration of residence," with 54 entrepreneurs obtaining citizenship via this way. This is followed by 27 through "descent or family ties," 15 through "education," 11 through "employment or profession," 11 through "marriage," and 9 through "company ownership or economic contribution." Notably, 89% of the surveyed Syrian entrepreneurs reported being able to speak Turkish. However, a significant and striking finding is that 85% of Syrian partners lack Turkish citizenship, which stands out as a key barrier limiting their operational capacity in Türkiye.

A significant portion—69.9%—of Syrian-partnered Turkish companies that currently operate in Syria reported having conducted business in Aleppo before coming to Türkiye. Aleppo is followed by Idlib (9.2%), Damascus (5.8%), and Homs (5.3%). Other notable cities include Hama (3.6%), Deir ez-Zor (3%), Raqqa (1.5%), and Latakia (1.3%). Hasakah and Daraa have the lowest representation, each at 0.2%. Aleppo stands out due to its historical role as one of Syria's most important manufacturing hubs and its proximity to the Turkish border—alongside Idlib. As a result, Aleppo and its surrounding areas are likely to hold a strategic priority in Türkiye's market engagement plans for Syria.

Figure 17- Where was the business located in Syria?, %



Source: Survey on Business Conditions in Syria, TEPAV calculations

Box 2- Syrian Partnered Turkish Companies that Operated in Syria in the Past

Among the 1,005 Syrian partnered Turkish companies that participated in the survey, 53% reported having previously owned a business in Syria. Of these, 25% (134 companies) stated that they engaged in export activities during the period they operated in Syria.

Today, 68% (91 companies) of those that exported while operating in Syria continue to export, and 25% (34 companies) are still exporting directly to Syria. In contrast, among companies without prior business operations in Syria, only 4% (18 companies) engage in exports to the country. This highlights that companies with past business experience in Syria hold a significant advantage in maintaining international trade connections.

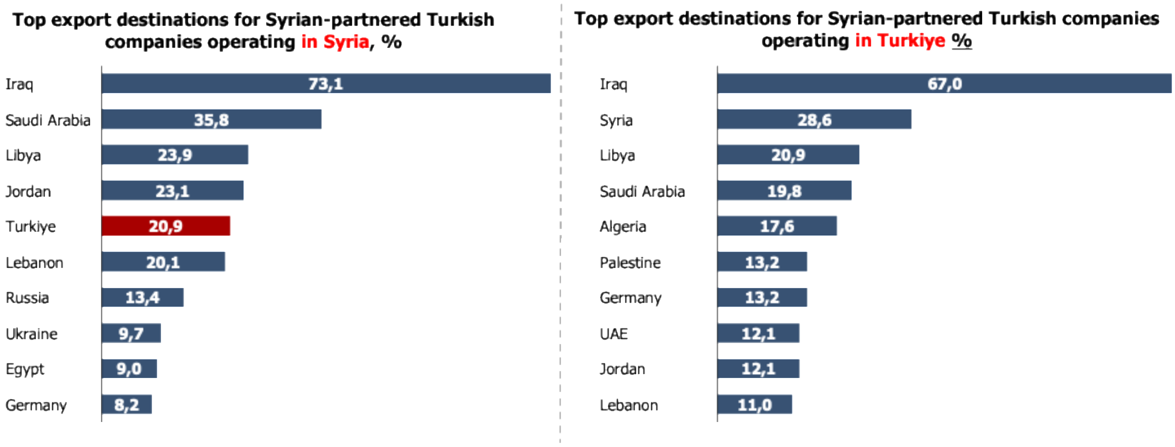
On the other hand, 22% (121 companies) of those that previously operated businesses in Syria have retained their legal status in the country. Among these companies, 59% are active in the trade sector, 27% in manufacturing, and 14% in services. In terms of sectoral distribution, there is no significant difference between companies that have maintained their legal identity in Syria and other Syrian companies.

Among the companies that have maintained their legal identity in Syria, 71% (86 companies) are micro-sized and 25% (30 companies) are small-sized. In contrast, of those that have not retained their legal identity, 86% (360 companies) are micro-sized and 13% (56 companies) are small-sized. The proportion of medium and large-sized companies remains similar between both groups.

The tendency of small-scale companies to continue their operations in Syria, especially in terms of long-term presence, indicates that relatively larger companies need to take the lead in order to extend the value chain.

The export markets of Syrian partnered Turkish companies show clear continuity with the markets they targeted during their time operating in Syria, with Iraq emerging as the leading destination. While operating in Syria, 73.1% of these companies exported primarily to Iraq, followed by Saudi Arabia (35.8%), Libya (23.9%), and Jordan (23.1%). Türkiye itself accounted for 20.9% of their exports from Syria, highlighting its importance even before relocation. After relocating to Türkiye, these companies continue to prioritize Iraq, which now accounts for 67% of their exports. Syria ranks second at 28.6%, followed by Libya (20.9%) and Saudi Arabia (19.8%). Other notable export destinations include Algeria, Palestine, and Germany. This consistency suggests that Syrian-founded Turkish companies maintain strong regional trade linkages and are leveraging pre-existing commercial ties in their post-displacement operations.

Figure 18- Top 10 countries to which Syrian partnered Turkish companies export the most, %



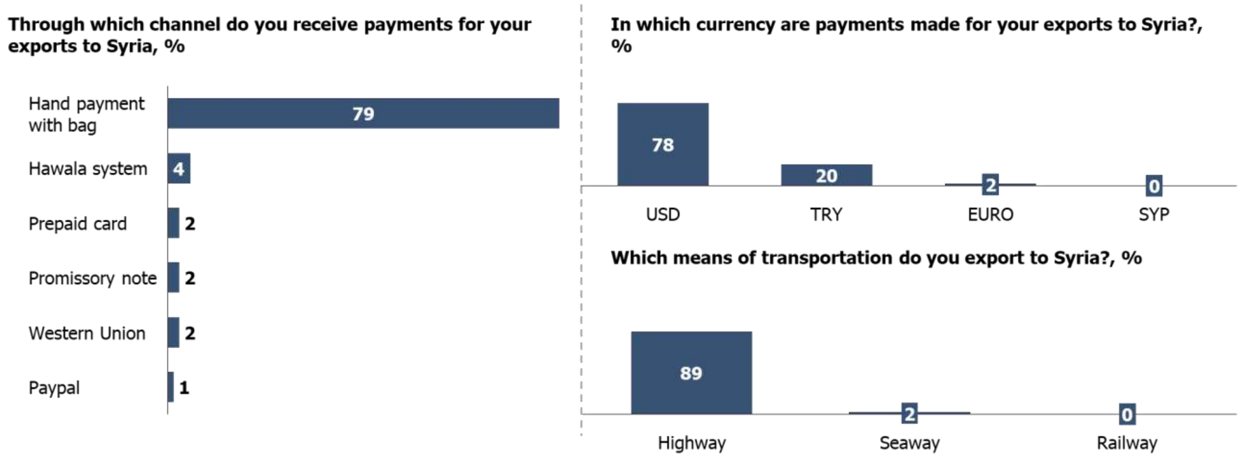
Source: Survey on Business Conditions in Syria, TEPAV calculations

When examining the payment methods used by companies exporting to Syria, it is evident that trade is largely conducted using outdated methods. 78.7% of payments are made "in cash by hand," while the Hawala system accounts for 4.5% of transactions. This reflects the inadequacy of Syria's financial infrastructure and the limited accessibility of formal banking services. Other payment methods, such as prepaid cards, promissory notes, and digital platforms like Western Union, are used in only 2.2% of cases. PayPal is utilized by just 1.1% of companies.

In terms of currency, 77.5% of payments are made in US dollars (USD), while the Turkish lira (TRY) accounts for 20.2%. The euro is used in only 2.2% of transactions, and no payments are made in Syrian pounds (SYP). This distribution highlights the dominance of the US dollar in trade and the limited use of local currencies.

Regarding transportation channels, 88.8% of exports to Syria are carried out by road. Maritime transport accounts for just 2.2%, and there is no export activity conducted via rail.

Figure 19- Questions regarding exports to Syria



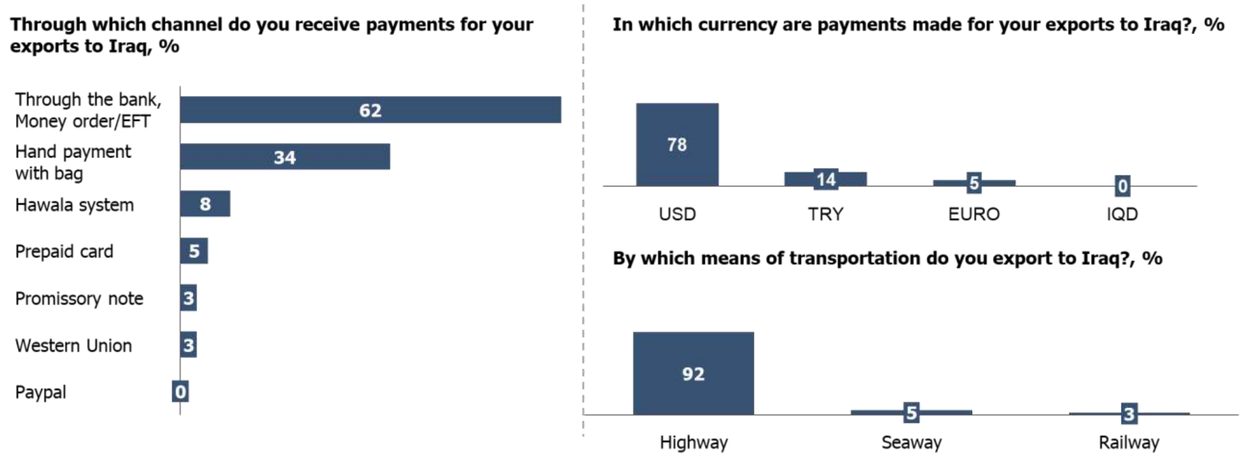
Source: Survey on Business Conditions in Syria, TEPAV calculations

The payment methods used for exports to Iraq differ significantly from those used for trade with Syria. The most preferred method for exports to Iraq is bank transfer (wire/EFT), used by 62.2% of companies. Cash-in-hand payments ("through a courier") still account for 34.2%, showing that informal channels are also common. Additionally, the traditional "Hawala system" is used in 8.1% of transactions. Among other payment methods, prepaid cards are used by 4.5%, promissory notes by 2.7%, and Western Union also by 2.7%. Notably, PayPal is not used at all for payments from Iraq.

When examining currency preferences in export transactions to Iraq, 78.4% of payments are made in US dollars (USD), 13.5% in Turkish lira (TRY), and 5.4% in euros (EUR). Notably, there have been no payments recorded in Iraqi dinars (IQD).

In terms of transport channels, 91.9% of exports to Iraq are carried out by road. Maritime transport accounts for 5.4%, while rail transport is used at a rate of 2.7%. These figures indicate that trade with Iraq is predominantly conducted via land border crossings. The relatively more functional banking system facilitates the use of formal payment methods, offering a trade infrastructure that is more secure and traceable compared to Syria.

Figure 20- Questions regarding exports to Iraq

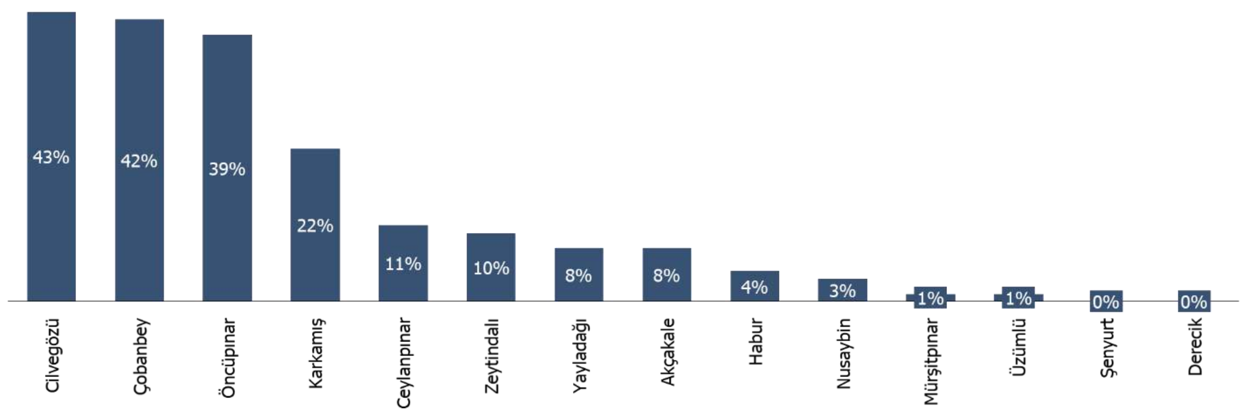


Source: Survey on Business Conditions in Syria, TEPAV calculations

The most commonly used border gates for companies exporting to Syria are Cilvegözü, Çobanbey, and Öncüpınar. According to the data, 42.7% of companies conduct their exports through the Cilvegözü Border Gate, 41.6% use Çobanbey, and 39.3% prefer Öncüpınar. These three gates account for the majority of trade between Türkiye and Syria, facilitating fast and direct commercial exchange.

The Karkamış Border Gate is used by 22.5% of companies, followed by Ceylanpınar at 11.2%, Zeytindalı at 10.1%, and both Yayladağı and Akçakale with a share of 7.9% each. Among the remaining gates, Habur accounts for 4.5%, Nusaybin for 3.4%, while Mürşitpınar and Üzümlü are each used by only 1.1% of exporters. No exports have been recorded through the Şenyurt and Derecik border gates.

Figure 21- Which customs gates do you use to export to Syria?, %



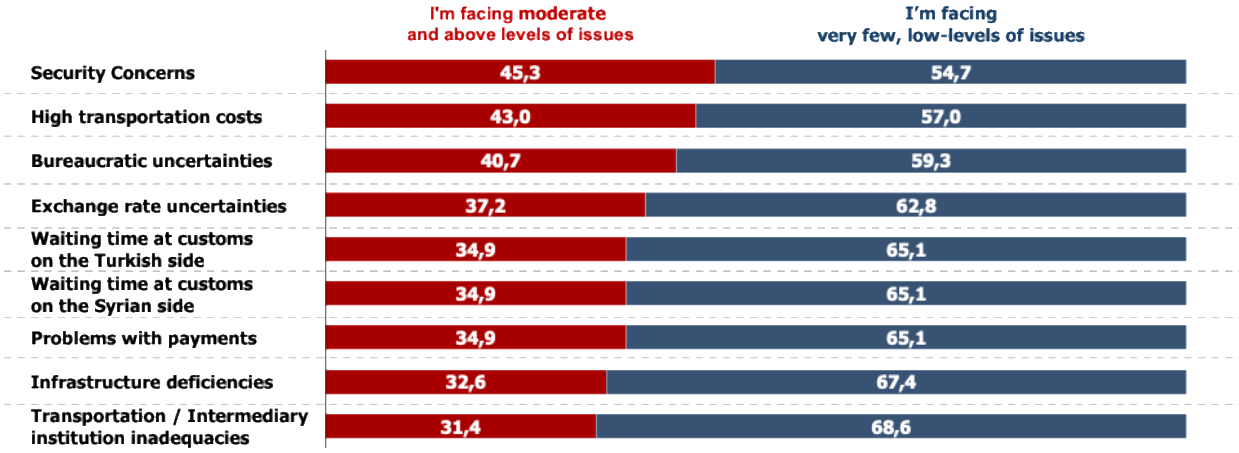
Source: Survey on Business Conditions in Syria, TEPAV calculations

The most common problems encountered by companies exporting to Syria include security concerns, high transportation costs and bureaucratic uncertainties. 45.3% of exporting companies reported security concerns as a moderate or major issue. This figure clearly illustrates the impact of Syria's conflict environment and ongoing instability on trade activities.

Security concerns are followed by high transportation costs, cited by 43% of respondents. Similarly, 40.7% of participants stated that bureaucratic uncertainties complicate their business processes. Exchange rate volatility is also highlighted as a significant issue by 37.2% of the companies.

Waiting times at customs on both the Turkish and Syrian sides, payment-related issues, infrastructure deficiencies, and the inadequacy of transport companies are also frequently cited obstacles by companies. Specifically, 34.9% of companies identified long wait times at both borders as a serious issue, 32.6% pointed to inadequate infrastructure, and 31.4% reported the insufficiency of transport companies and intermediary institutions as problems encountered during exports to Syria.

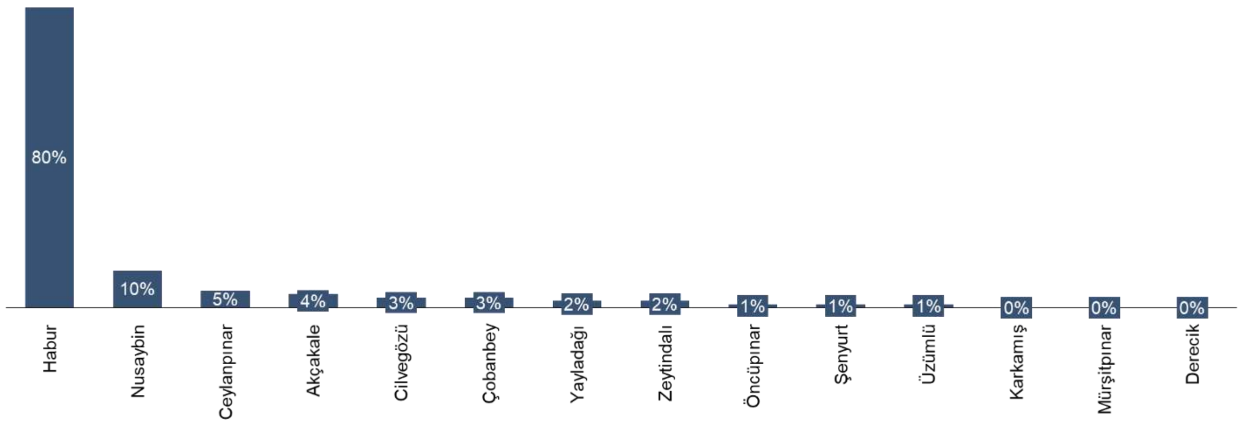
Figure 22- What are the main problems you face when exporting to Syria?, %



Source: Survey on Business Conditions in Syria, TEPAV calculations

The customs gate most intensively used by companies in trade with Iraq is the Habur Border Gate, accounting for 80.2% of usage. Following Habur, the Nusaybin Border Gate ranks second with 9.9%. Other gates used to a lesser extent include Ceylanpınar at 4.5%, Akçakale at 3.6%, Cilvegözü at 2.7%, and Çobanbey also at 2.7%. The Yayladağı and Zeytindalı gates are each used by 1.8% of companies. Öncüpınar, Şenyurt, and Üzümlü gates are used by 0.9%, while no exports are carried out through the Karkamış, Mürşitpınar, or Derecik gates.

Figure 23- Which customs gates do you use to export to Iraq?, %



Source: Survey on Business Conditions in Syria, TEPAV calculations

When examining the main problems faced by companies exporting to Iraq, it is clear that the most significant issue is high transportation costs. Thirty-three percent of the companies participating in the survey indicated that high transportation costs were a moderate to serious problem.

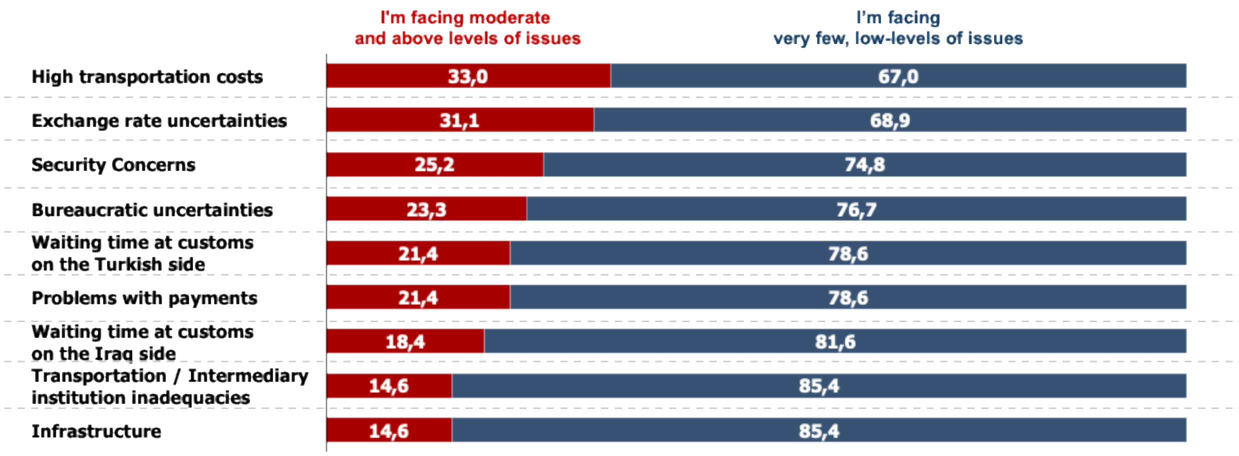
31.1% of companies identified exchange rate fluctuations as another significant issue. The widespread use of the US dollar in the Iraqi market leads to increased costs due to currency volatility.

In exports to Iraq, 25.2% of companies highlighted security concerns as a problem. Instability and local security risks in certain regions of Iraq can disrupt trade flows and increase costs. Similarly, 23.3% of businesses cited bureaucratic uncertainty as a challenge. Complex customs procedures, delays in obtaining official permits, and changes in documentation requirements complicate the export process.

Payment-related issues and waiting times at Turkish customs were cited as barriers by 21.4% of companies, while 18.4% identified delays at Iraqi customs as a problem. These findings indicate that customs procedures on both sides slow down the flow of trade and contribute to increased costs.

Lastly, the inadequacy of transport companies and intermediary institutions, along with infrastructure deficiencies, was identified as a moderate to major issue by 14.6% of respondents.

Figure 24- What are the main problems you encounter when exporting to Iraq?, %

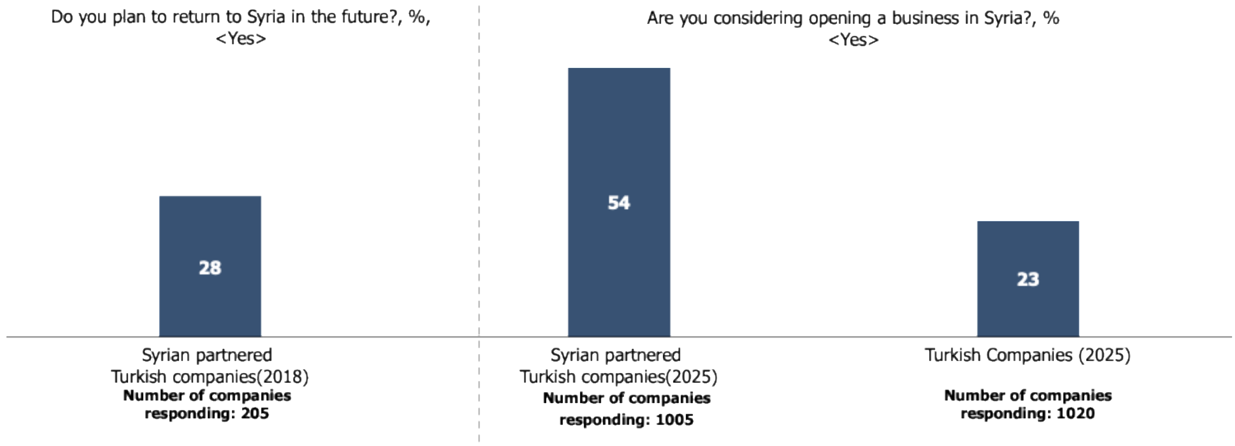


Source: Survey on Business Conditions in Syria, TEPAV calculations

Investment Trends in Syria

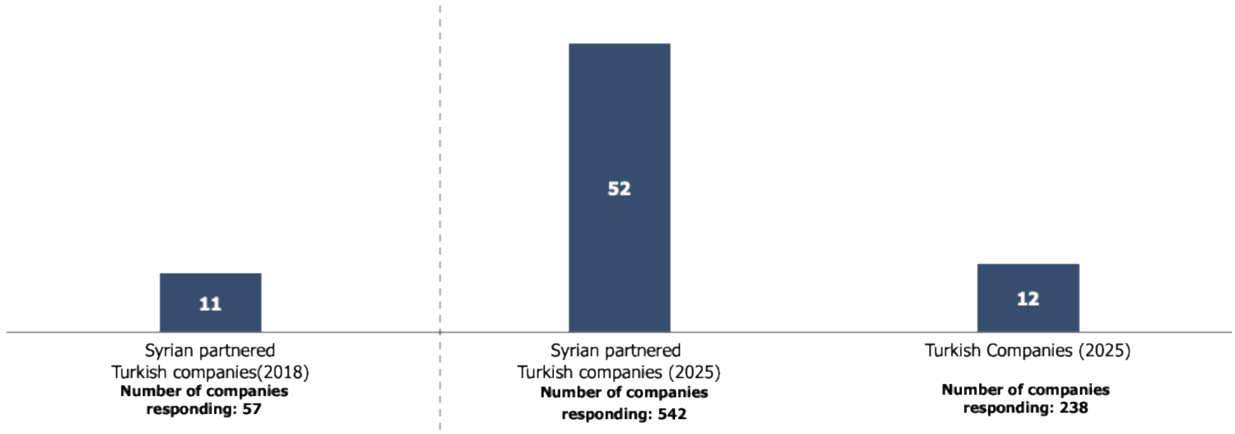
According to the survey results, 53.9% of Syrian-partnered Turkish companies indicated that they are considering opening a business in Syria in the future. Among Turkish companies, this rate is significantly lower at 23.3%. Furthermore, 51.7% of Syrian-partnered Turkish companies stated they would terminate their existing operations in Türkiye if they opened a business in Syria, compared to just 12.3% of Turkish companies expressing the same intent (Figures 25 and 26). In contrast, a 2018 survey conducted by TEPAV in the same provinces[4] revealed that only 28.3% of Syrian-partnered Turkish companies were planning to return to Syria at the time, and just 10.5% said they would cease their operations in Türkiye if they opened a business there. This shift suggests that developments in both Türkiye and Syria over the intervening years have significantly increased the willingness of companies to invest in Syria.

Figure 25- Do you plan to return to Syria in the future?



Source: Survey on Business Conditions in Syria, TEPAV calculations

Figure 26- Will you terminate your business in Türkiye when you open a business in Syria?



Source: Survey on Business Conditions in Syria, TEPAV calculations

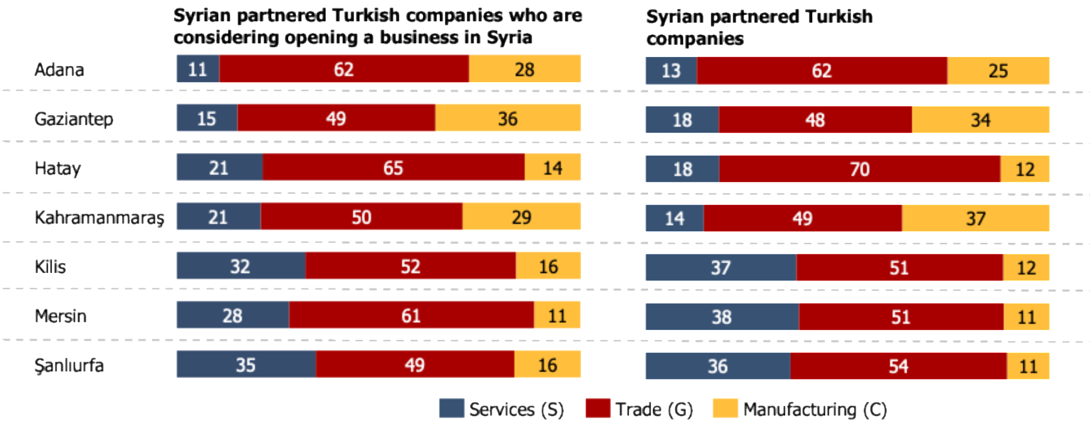
[4] The survey conducted in 2018 includes 10 surveys conducted in Mardin, in addition to the 7 surveys covered by this study.

a) The Potential for Syrian Partnered Turkish Companies to Return

More than half (53.9%) of the Syrian-partnered Turkish companies surveyed (542 companies) indicated that they are considering opening a business in Syria. This suggests that these companies are not solely interested in limiting their economic activities to Türkiye but also intend to take an active role in Syria's reconstruction process. **Of these companies, 55.7% operate in the trade sector, 22.5% in manufacturing, and 21.8% in services**. In terms of their current locations in Türkiye, the majority are based in Gaziantep (30.8%), followed by Hatay (19.9%) and Mersin (17.9%). The prominence of these provinces points to a geographic pattern influenced by their well-developed logistics infrastructure and proximity to customs gates and ports—factors that likely shape and support the companies' intentions to invest across the border.

When examining the provincial and sectoral breakdown of the companies considering opening a business in Syria, some notable differences emerge. While the trade sector stands out as the leading sector across all provinces, the second most prominent sector varies by region. In provinces where manufacturing is more prevalent—such as Gaziantep, Kahramanmaraş, and Adana—companies operating in the manufacturing sector rank second. Conversely, in provinces where the service sector is more dominant—like Şanlıurfa, Kilis, Mersin, and Hatay—companies from the service sector occupy the second position. (See Figure 27.)

Figure 27- Breakdown by province and sector of Syrian partnered Turkish companies considering opening a business in Syria, %



Source: Survey on Business Conditions in Syria, TEPAV calculations

The majority of companies considering opening a business in Syria are micro-sized enterprises, with 82.1% reporting an annual turnover of less than 5 million TL. This indicates that the reconstruction phase is likely to be led by flexible and agile entrepreneurial actors. Additionally, 9.8% of these companies have a turnover between 5–10 million TL, while 7% report a turnover between 10–100 million TL.

The average duration of Syrian partnered Turkish companies in Türkiye is 6.1 years, and these companies employ a total of 2,454 people. Of these employees, 84.4% are Syrian nationals, while 15.5% are Turkish citizens. Additionally, 26.2% of the companies reported that some of their Syrian employees have returned to Syria. This indicates the beginning of a return trend not only in terms of capital but also in the workforce.

The average age of the business owners who responded to the survey is 39. **Among them, 14.8% hold Turkish citizenship. Of those with citizenship, 20% acquired it through descent, 36.3% through long-**

term residence, 18.8% due to education or employment, and 8.8% through local employment contribution and property ownership.

65.3% of participants can speak Turkish. This language proficiency not only enhances their ability to conduct business in Türkiye but also enables them to act as economic intermediaries between Türkiye and Syria. Regarding education levels, 44.6% of respondents have less than a high school education, 29.3% are high school graduates, and 21.6% have a university degree or higher. Meanwhile, 4.4% have not completed any formal schooling.

The majority of these business owners (79%) arrived in Türkiye between 2012 and 2016, following the outbreak of the Syrian civil war in 2011. **Among the participants, 58.5% are originally from Aleppo, 13.7% from Idlib, 6.4% from Damascus, and 6.0% from Homs. Additionally, 60.1% stated that they owned an active business in Syria prior to their relocation.** Of these businesses, 22.4% still maintain legal status, and among those, 42.5% are currently operational.

81.6% of Syrian-partnered Turkish companies reported that they continue to operate in the same sector in Türkiye as they did prior to arriving from Syria. Additionally, 26.7% of these companies stated that they engaged in export activities while operating in Syria. The main export destinations included Iraq, Saudi Arabia, Libya, Jordan, Türkiye, Lebanon, Russia, and Ukraine. The fact that many of these companies have prior experience in international trade suggests that they could play a more prominent role as economic actors in Syria's reconstruction process.

An examination of these companies' current operations in Türkiye reveals that 95.6% engage in domestic sales, while 16.6% are involved in exports and 12.5% in imports. Among the exporters, 53.3% operate in the trade sector, 38.9% in manufacturing, and 7.8% in services. The top export destinations include Iraq, Syria, Saudi Arabia, Libya, and Germany. In the trade sector, aside from Iraq and Syria, Saudi Arabia and Lebanon stand out, whereas in the manufacturing sector, Libya and Germany are prominent. These export networks point to a strong potential for reintegration into both regional and global supply chains.

92.4% of Syrian-partnered companies considering opening a business in Syria stated that their new operation would be in the same sector as their current business in Türkiye. This indicates a strategic intention to enter the Syrian market by preserving existing areas of expertise and supply chains. It also suggests that these entrepreneurs view transferring their sectoral know-how to Syria as a key method for expansion.

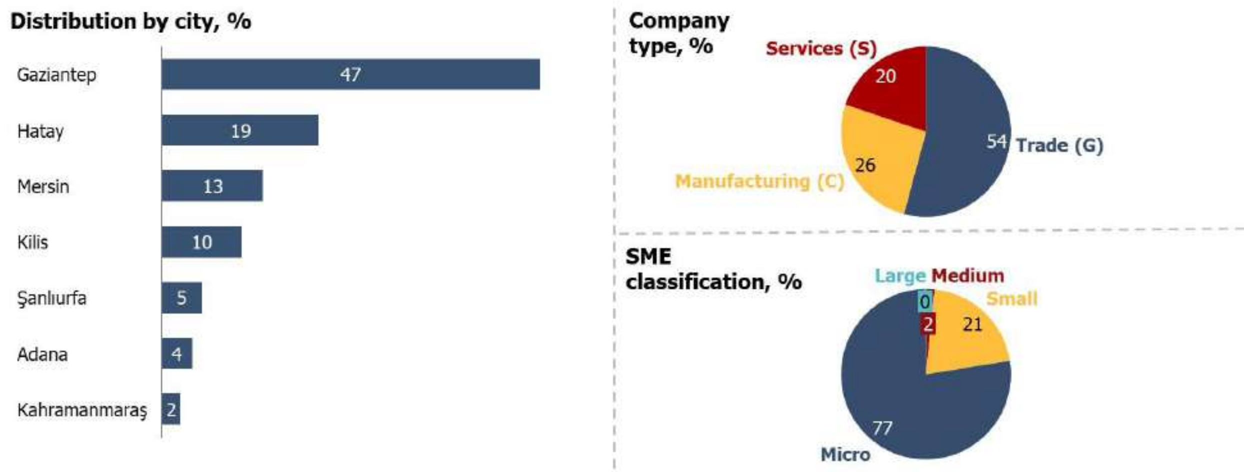
b) The tendency of Syrian partnered Turkish companies considering opening businesses in Syria to continue their activities in Türkiye

One notable finding among Syrian-partnered Turkish companies considering opening a business in Syria is that a significant portion of them plan to cease their operations in Türkiye. According to the survey, 51.7% of these companies stated they would end their business activities in Türkiye if they establish a company in Syria. This trend is particularly prominent among companies operating in the trade sector and is geographically concentrated in the provinces of Mersin (23%), Hatay (20.7%), and Gaziantep (16.5%).

Only 8% of the owners of the companies planning to end their operations in Türkiye hold Turkish citizenship, indicating that legal status may play a significant role in shaping investment decisions. Additionally, just 4.6% of these companies are engaged in export activities, suggesting that businesses with limited access to international markets are more inclined to withdraw from Türkiye.

Conversely, 48.3% of the companies stated that they plan to continue their operations in Türkiye even if they open a business in Syria. These companies are predominantly located in Gaziantep, Hatay, and Mersin, with sectoral distribution as follows: 54% in trade, 26% in manufacturing, and 20% in services. From an SME classification perspective, 77% of these businesses are micro-sized, 21% are small-sized, and 2% are medium-sized enterprises (Figure 28).

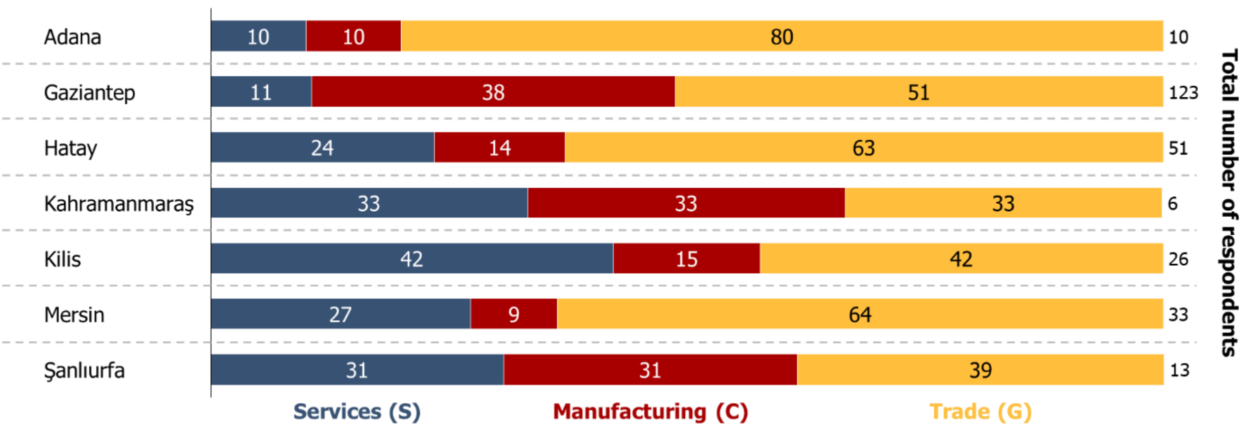
Figure 28- The tendency of Syrian partnered Turkish companies considering opening a business in Syria to continue their activities in Türkiye



Source: Survey on Business Conditions in Syria, TEPAV calculations

Among the companies planning to continue their operations in Türkiye, the trade sector stands out across all provinces, while in certain provinces such as Gaziantep, Kahramanmaraş, and Şanlıurfa, the manufacturing sector also holds a notable share. This indicates that companies in the trade sector are more determined to remain in Türkiye, whereas those in the manufacturing sector continue to maintain a strong economic presence in specific regions (Figure 29).

Figure 29- The tendency of Syrian partnered Turkish companies considering opening a business in Syria to continue their activities in Türkiye, broken down by province and sector



Source: Survey on Business Conditions in Syria, TEPAV calculations

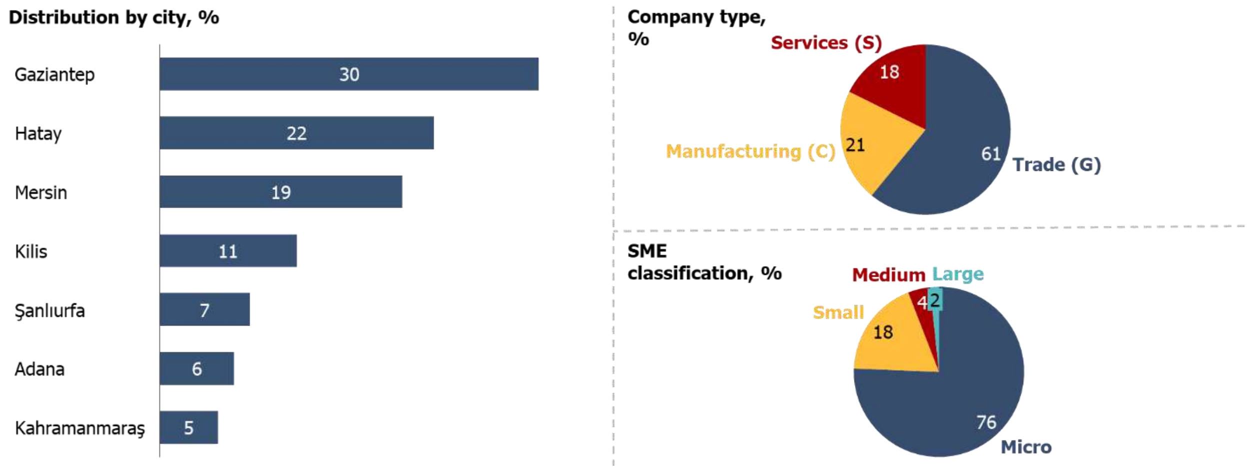
Among the companies that plan to continue their operations in Türkiye even if they open a business in Syria, 92.7% (243 companies) are engaged in domestic sales, 29.4% (77 companies) in exports, and 19.8% (52 companies) in imports. The fact that 22.5% (59 companies) of these companies hold Turkish citizenship suggests that companies with stronger two-way economic integration are more likely to continue contributing to value chains in both Türkiye and Syria.

c) Turkish Companies' Investment Trends in Syria

23.2% (238 companies) of the Turkish companies that participated in the survey stated that they are considering opening a business in Syria. While this rate is lower compared to Syrian-partnered Turkish companies, it still indicates a noteworthy investment potential. In terms of sectoral distribution, 60.9% of these companies operate in the trade sector, 21.4% in manufacturing, and 17.6% in services. Geographically, 30.3% of the companies are located in Gaziantep, 21.8% in Hatay, and 19.3% in Mersin—revealing that investment interest in Syria is concentrated in the border provinces and displays a spatial pattern similar to that of Syrian-partnered companies.

Among the Turkish companies considering opening a business in Syria, 75.6% are micro-sized, 18.5% are small, 4.2% are medium, and 1.7% are large enterprises. These companies have an average operational history of 14.4 years, indicating that they are well-established and institutionalized players in Türkiye's business landscape. Their relatively long business tenure suggests that they have gained experience in both national and international markets, and thus approach the decision to enter foreign markets with caution but also with strategic foresight.

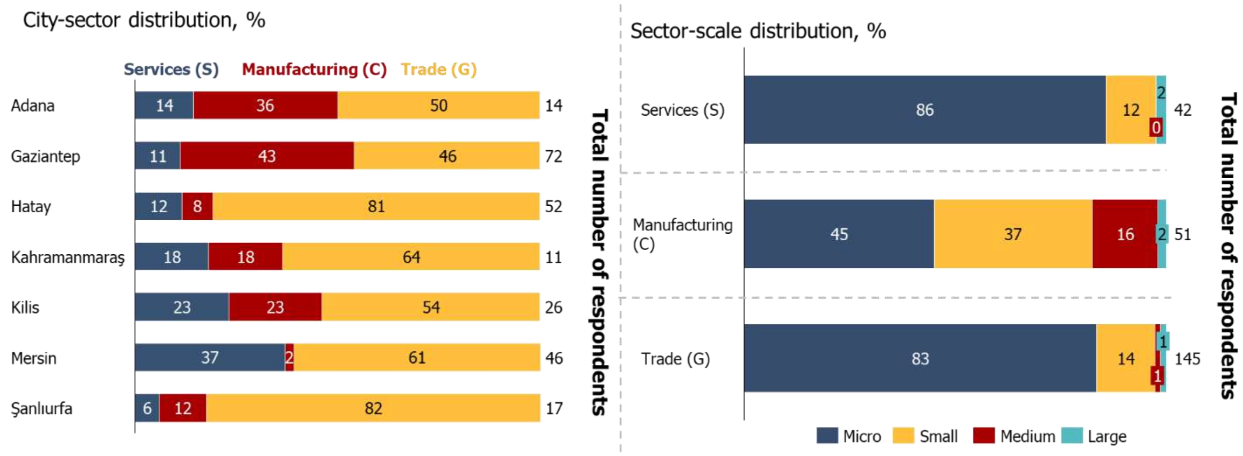
Figure 30- Distribution of Turkish companies considering opening a business in Syria by province, company type and SME classification



Source: Survey on Business Conditions in Syria, TEPAV calculations

When examined by province and sector, it becomes clear that after the trade sector, the highest investment interest is concentrated in the manufacturing sector. This reflects the presence of production-oriented Turkish companies aiming to extend their value chains into Syria. Among the companies in the manufacturing sector considering opening a business in Syria, small and medium-sized enterprises make up the majority—indicating that these companies are more willing to establish production capacity within the country.

Figure 31- Breakdown of Turkish companies considering opening a business in Syria by province-sector and sector-scale



Source: Survey on Business Conditions in Syria, TEPAV calculations

These companies collectively employ 2,309 people, with 92.2% of the workforce being Turkish and 7.8% Syrian. Additionally, 8% of the companies reported that some of their Syrian employees have returned to Syria. This indicates that there is a dynamic not only in terms of capital movement but also in labor mobility, suggesting that companies may need to adjust their human resource strategies accordingly.

When looking at their commercial activities, the vast majority of these companies (95.8%) operate primarily in the domestic market. However, 15.1% are engaged in export activities and 8% in imports. Among the companies involved in foreign trade, the main target markets include Germany, Syria, Iraq, and Uzbekistan. These findings indicate that while most companies surveyed are focused on the domestic market, a segment of them also has experience in international trade.

The average age of the participants is 41. When looking at their education levels, 33.6% have completed high school, 29.4% have a university degree or higher, and 29% have an education level below high school. Additionally, 8% of the participants have not completed any formal schooling.

95.8% of Turkish companies stated that the business they plan to establish in Syria would operate in the same sector as their current operations in Türkiye. This finding indicates that companies prefer to enter the Syrian market by leveraging their existing sectoral expertise and operational infrastructure. It also shows that they view Syria as an extension of their current business model and aim for sectoral continuity in this context.

d) The tendency of Turkish companies considering opening businesses in Syria to continue their activities in Türkiye

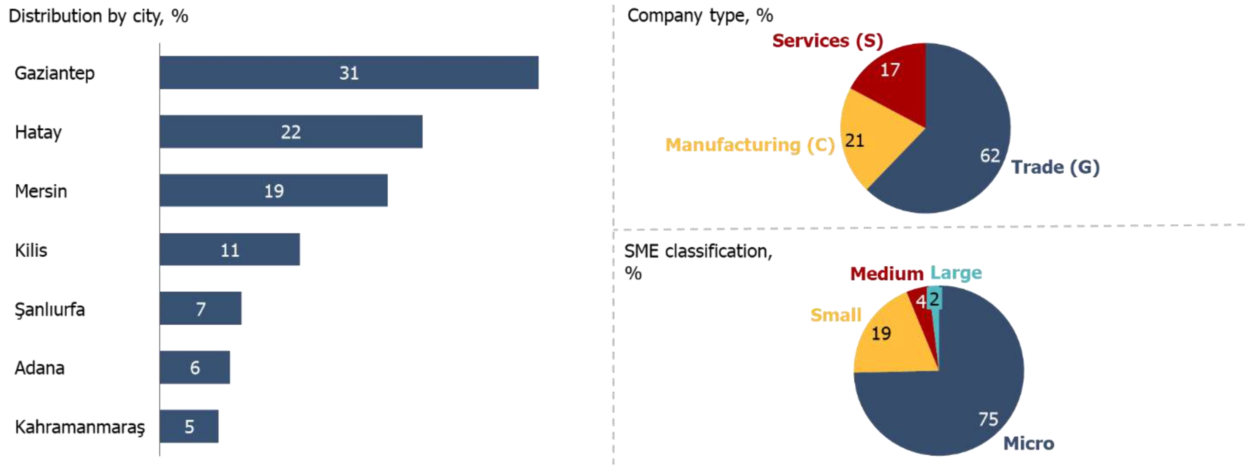
The vast majority (88%) of Turkish companies planning to establish a business in Syria also intend to continue their operations in Türkiye. Compared to the corresponding figure for Syrian companies, this rate is significantly higher. This contrast clearly indicates that Turkish companies view investments in Syria not as an exit from Türkiye, but rather as a "growth strategy" aimed at expanding their business volume.

An analysis of the geographical distribution of these companies reveals that 31.1% are located in Gaziantep, 21.5% in Hatay, and 18.7% in Mersin. This pattern concompanies that geographic proximity to Syria and logistical advantages play a significant role in shaping investment decisions.

In terms of sectoral distribution, while the majority of companies operate in the trade sector, the manufacturing sector ranks second with a 20.6% share. This indicates a tendency among manufacturing companies to establish simultaneous production and distribution networks in both Türkiye and Syria.

Looking at the firm size classification, 74.6% are micro-enterprises, 19.1% are small, 4.3% are medium-sized, and 1.9% are large enterprises. This distribution indicates that while most companies making investment decisions are small businesses with flexible structures, companies with a certain level of institutional experience and capital strength are also involved in the process (see Figure 32).

Figure 32- The tendency of Turkish companies considering opening a business in Syria to continue their activities in Türkiye



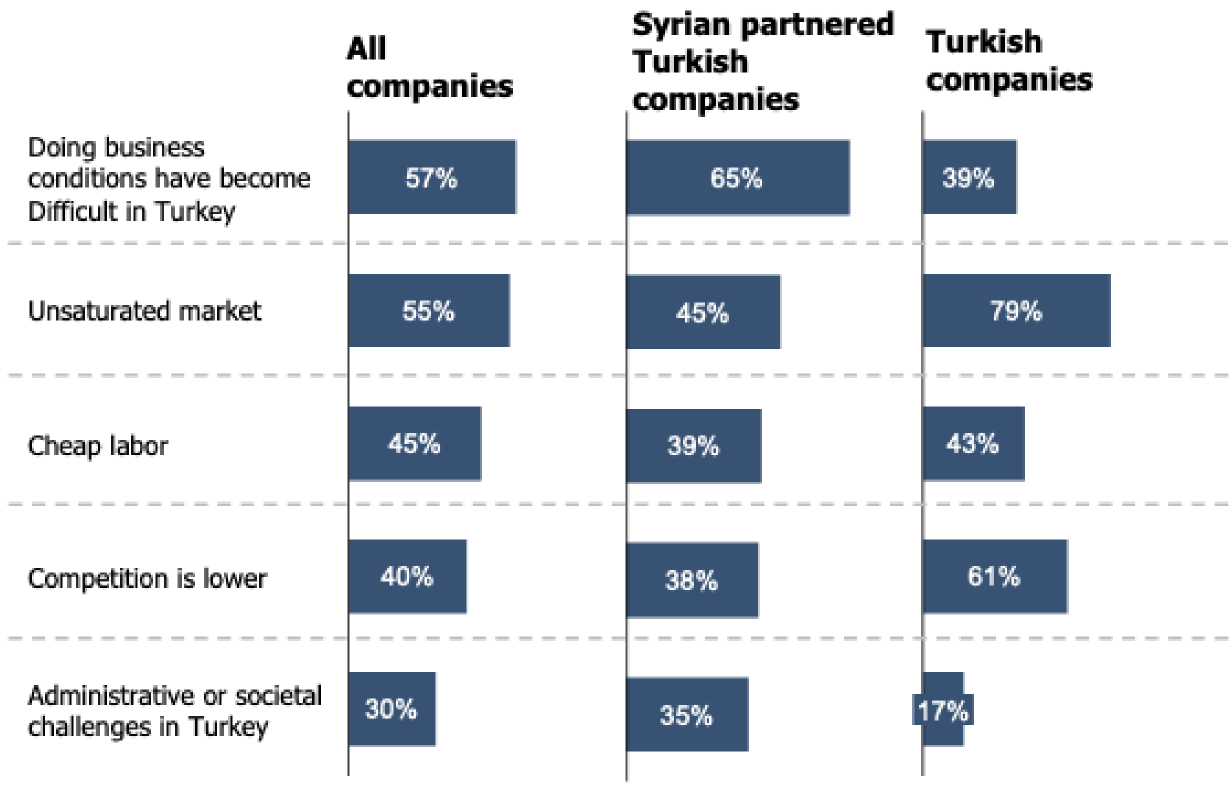
Source: Survey on Business Conditions in Syria, TEPAV calculations

Investment Motivations of Companies Considering Opening a Business in Syria

The primary reason why Syrian-partnered Turkish companies are considering opening businesses in Syria is the increasing difficulty of doing business in Türkiye (64.8%). This includes everyday operational challenges such as tax burdens, rental costs, and permit processes. In addition, factors like Syria's unsaturated market (44.6%), lower levels of competition (39.3%), access to cheap labor (38.4%), and administrative or societal challenges encountered in Türkiye (35.2%) also influence investment decisions. This pattern indicates that the motivation behind investing in Syria stems both from seeking new opportunities in the Syrian market and from growing difficulties in the Turkish business environment.

The most influential factor shaping Turkish companies' investment decisions is Syria's unsaturated market structure (79%). This is followed by access to cheap labor (60.9%), a less competitive business environment (42.9%), and increasingly difficult business conditions in Türkiye (39.5%). These findings suggest that Turkish companies base their investment decisions primarily on attractive opportunities. As political, financial, and operational risks decrease, they are more likely to view Syria as a promising alternative for production and sales.

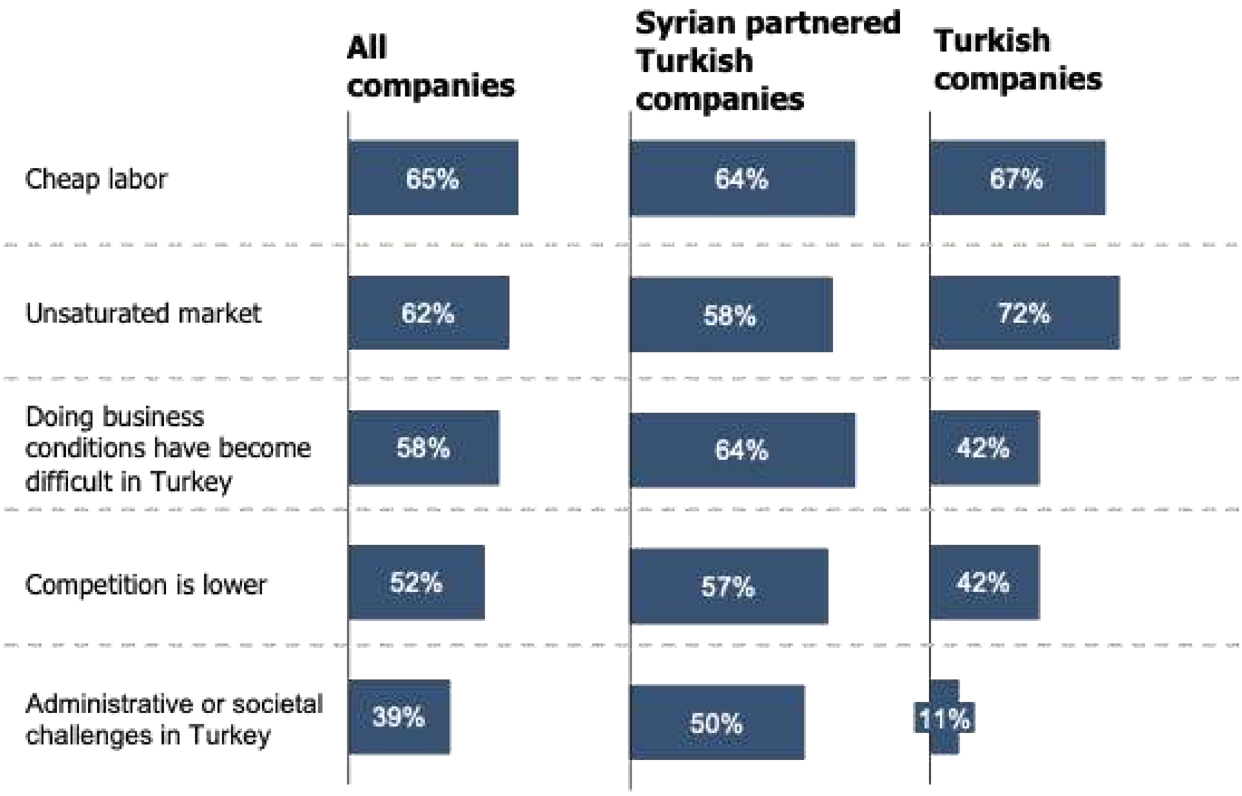
Figure 33- Investment motivations of companies considering opening a business in Syria



Source: Survey on Business Conditions in Syria, TEPAV calculations

When looking specifically at export-oriented companies planning to open operations in Syria, their motivations appear to follow a distinct pattern. For both Syrian-partnered Turkish exporters and Turkish exporters, the main drivers are access to cheap labor and the appeal of an unsaturated market. Syrian exporters additionally cite administrative difficulties in Türkiye, challenges stemming from social perception, and a highly competitive environment as key reasons for shifting their focus to Syria. In contrast, for Turkish exporters, the dominant motivation is Syria's untapped market potential, which stands out as the most compelling reason for establishing a business there.

Figure 34- Investment motivations of export companies considering opening a business in Syria



Source: Survey on Business Conditions in Syria, TEPAV calculations

Groups Not Considering Investment

a) Syrian Partnered Turkish Companies Not Considering Doing Business in Syria

According to the survey, 46.1% of Syrian-partnered Turkish companies (463 companies) stated that they do not intend to open a business in Syria. This indicates that nearly half of these companies do not consider Syria favorable for economic activity under current conditions. An analysis of the Turkish provinces where these companies operate reveals that they are primarily concentrated in Mersin (31.3%), Gaziantep (22.2%) and Hatay (17.1%). Notably, these same provinces also appear prominently among companies planning to invest in Syria, which suggests that the decision not to invest is not based on geographical location, but rather on firm-specific factors and perceptions.

When examined by sector, 54.2% of these companies operate in trade, 25.9% in services and 19.9% in manufacturing. This distribution is similar to that of Syrian companies with an inclination to invest. However, it is understood that these companies differ more in terms of other conditions (such as capital structure, risk perception) rather than the type of activity when it comes to making the decision to establish a business.

In this group, 16% of the companies are owned by individuals with Turkish citizenship. Additionally, 62.2% of the company owners or representatives speak Turkish. When looking at the education

levels: 49.9% have less than high school education, 27.9% are high school graduates, 18.4% have university-level or higher education and 3.9% have not completed any formal schooling. This profile suggests that among those inclined to remain in Türkiye, there is a tendency toward lower educational attainment and more limited structural integration. However, the relatively high rate of Turkish language proficiency points to a stronger cultural and communicative integration into Turkish society, indicating that these companies may have adapted more deeply in terms of everyday interaction and social engagement.

Most of the Syrian-partnered Turkish business owners who do not plan to open a business in Syria arrived in Türkiye between 2012 and 2016, following the onset of the Syrian Civil War. They predominantly come from urban centers such as Aleppo, Idlib, Damascus, Homs, and Hama—cities that were major economic hubs prior to the conflict. This indicates that many of these individuals had prior entrepreneurial experience and were active in structured, city-based markets. Their reluctance to return despite this background suggests that concerns over security, stability, and the viability of doing business in Syria outweigh the potential benefits. It also reflects a level of adaptation to the Turkish economic environment, where they may have established new networks, operations, and a sense of permanence.

46.7% of the companies reported having owned a business in Syria in the past. However, 77.8% of these businesses no longer hold a legal status as of today. The dissolution of these formal ties stands out as one of the key structural barriers discouraging these companies from reestablishing operations in Syria. Nevertheless, the fact that 21.8% of them had engaged in export activities in the past indicates that these companies are not entirely lacking in foreign trade experience.

The average operating period of these companies in Türkiye is six years, and 82.5% report an annual turnover of less than 5 million TL. Only 11% fall within the 5–10 million TL range, 5.8% report a turnover between 10–100 million TL, and a mere 0.6% exceed 500 million TL. This distribution highlights that the majority of these companies are micro or small-scale enterprises. They collectively employ 2,282 individuals, of whom 84% are Syrians and 13% are Turkish citizens. Additionally, 17.1% of the companies stated that some of their Syrian employees have returned to Syria. Although limited, this indicates that these companies maintain indirect connections with Syria, suggesting a continuity of cross-border ties.

In terms of trade activities, 96.1% of the companies engage in domestic sales, while 15.1% are involved in exports and 12.1% in imports. The leading export destinations include Iraq, Syria, Saudi Arabia, Algeria, and the United Arab Emirates. This indicates that even though these companies have not made investment decisions regarding Syria, they remain at least partially integrated into international markets.

b) Turkish Companies Not Considering Doing Business in Syria

Among the Turkish companies surveyed, 76.4% (782 companies) reported that they do not consider opening a business in Syria. This indicates that the majority of the Turkish private sector does not currently perceive Syria as an attractive investment environment. Looking at the sectors in which these companies operate, 52.7% are in trade, 27.2% in services, and 20.1% in manufacturing. This sectoral distribution closely mirrors that of companies considering investment. Therefore, the key difference between companies that do and do not intend to invest in Syria appears to lie not in their sectoral orientation, but rather in their perception of risk, operational capacity, and strategic priorities.

From a geographical perspective, 26.9% of the companies not considering investment in Syria are located in Gaziantep, 24.6% in Mersin, 16.5% in Hatay, and 10% in Şanlıurfa. These provinces are notable for both their large Syrian populations and their strong foreign trade potential. Despite this, a significant portion of companies operating in these areas have opted not to pursue business opportunities in Syria. This highlights that geographic proximity alone is not a decisive factor in investment decisions. Instead, factors such as security concerns, access to financing, and the adequacy of administrative infrastructure play a more influential role.

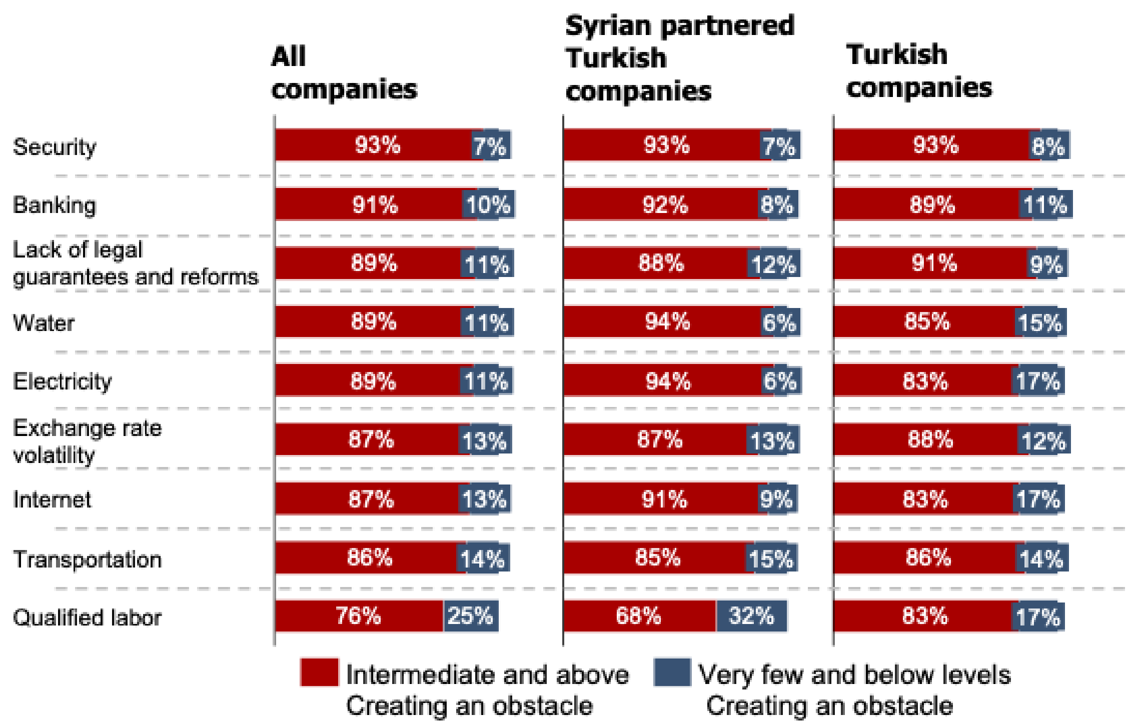
The average operating period of companies in this group is 13.3 years, and the majority are established and institutionalised structures. A total of 7,963 people are employed in these companies. 98% of employees are Turkish, and only 1.8% are Syrian citizens. Additionally, 93% of the companies stated that they do not currently employ any Syrian workers, while 3.2% reported that some of the Syrian employees they had previously hired have since returned to Syria. The extremely limited presence of Syrian personnel indicates that these companies have not established direct connections with Syria in terms of workforce, production, or supply chains. Consequently, such ties do not appear to play a role in shaping their investment decisions.

From a commercial activity perspective, 98.1% of the companies are engaged solely in domestic sales, while 6.5% conduct exports and 5.9% are involved in imports. Among the countries they export to, Iraq, Germany, and the United States stand out. This indicates that companies engaged in foreign trade do not currently view Syria as a priority market under present conditions and have instead oriented their export strategies toward markets outside of Syria.

Barriers to Doing Business in Syria

For the 2,025 companies interviewed in the survey, the main barriers to doing business in Syria are security concerns, limited access to the banking system, lack of legal safeguards, and insufficient reforms. While infrastructure deficiencies—especially electricity—stand out as a key issue for Syrian-partnered Turkish companies, Turkish companies primarily identify security as the most critical challenge.

Figure 35- Barriers to doing business in Syria



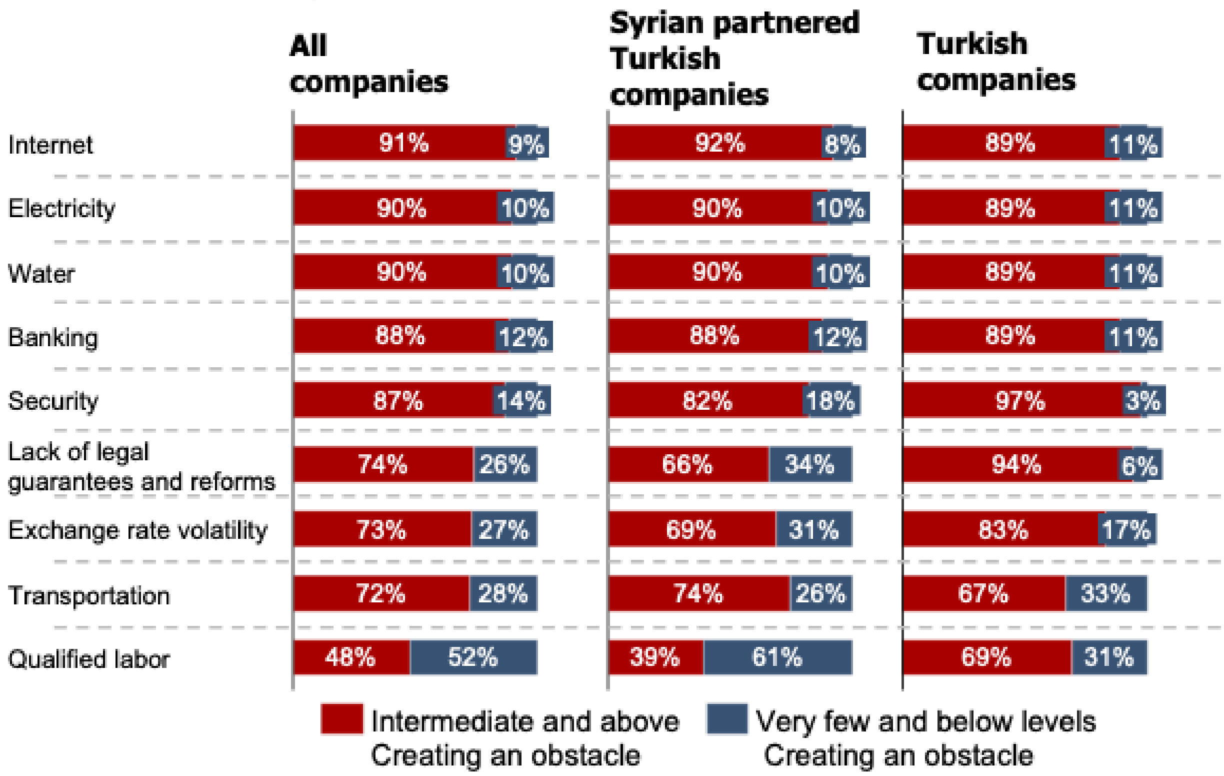
Source: Survey on Business Conditions in Syria, TEPAV calculations

For Syrian-partnered Turkish companies considering investment, the most significant obstacles in Syria are the inadequacies in electricity (93.4%), water (93.0%), and security (92.6%) infrastructure. In contrast, access to qualified labor (38.6%) and transportation (17.5%) are considered relatively minor challenges. This indicates that the primary factor delaying investment decisions is the lack of sufficient physical infrastructure.

For Turkish companies considering investment in Syria, the most significant obstacles are security concerns (95.4%), the lack of legal guarantees and reforms (93.3%), and problems within the banking system (87.4%). In contrast, access to qualified personnel (23.5%) and transportation conditions (18.1%) are perceived as relatively minor issues. This suggests that companies are making decisions based more on institutional stability and long-term sustainability than on short-term profit expectations.

When examining the obstacles to doing business in Syria for export-oriented companies considering opening a business there, some differences emerge. For Syrian-partnered Turkish companies, the main challenges are internet, electricity, and water infrastructure, whereas for Turkish companies, security, lack of reforms, and banking issues take precedence. This contrast reveals that companies' perceived priorities vary depending on their past experiences and business culture.

Figure 36- Obstacles to doing business in Syria for export companies considering opening a business in Syria

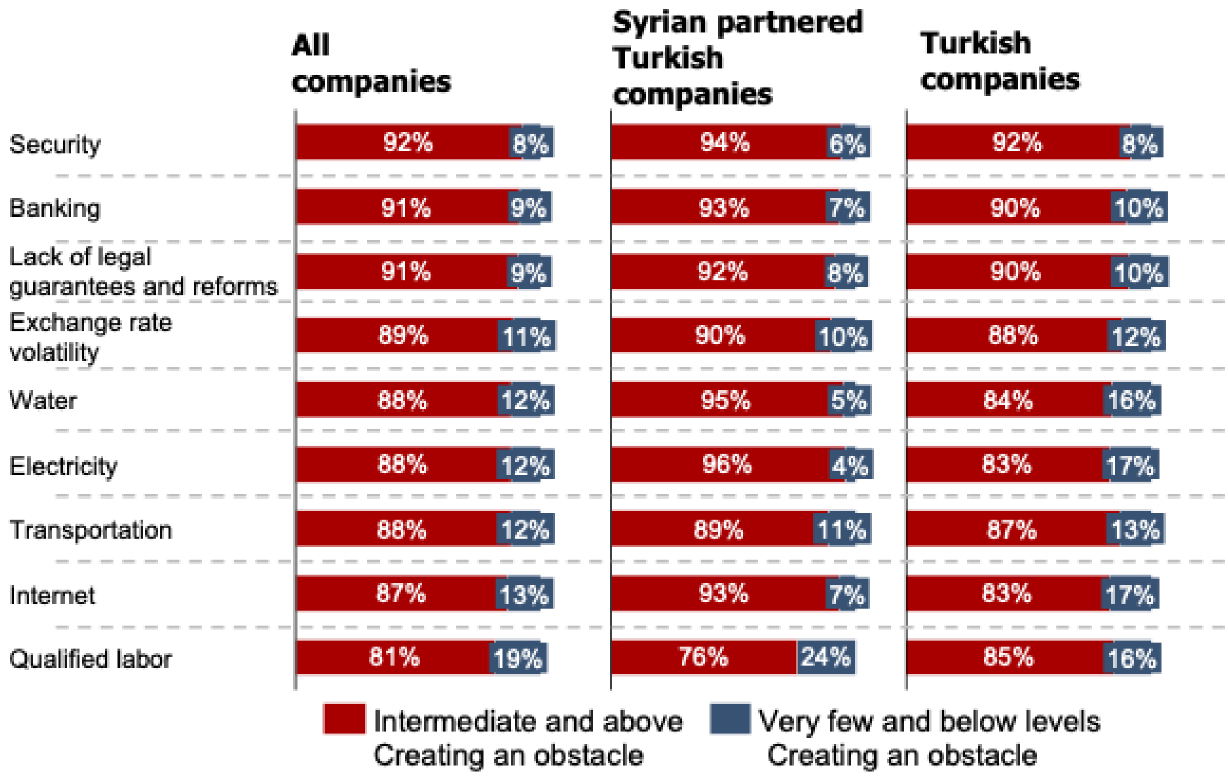


Source: Survey on Business Conditions in Syria, TEPAV calculations

From the perspective of companies that do not consider investing in Syria, security is seen as the most significant barrier to doing business. Notably, 95.7% of Syrian-partnered Turkish companies identify electricity, 94.6% cite water infrastructure, and 93.7% point to security issues as serious obstacles to investment. These figures indicate that the decision not to invest in Syria is influenced not only by financial concerns but also by structural deficiencies and a deep sense of psychological insecurity. The fact that many companies' previous operations in Syria were severely disrupted further reinforces this lack of confidence.

Among Turkish companies that do not consider opening a business in Syria, 91.7% cite security concerns, 90.3% point to the lack of legal guarantees and reforms, and 89.9% identify inadequate banking infrastructure as the primary barriers to investment. These figures reveal that companies perceive Syria not only as economically unviable but also as lacking predictability in institutional, legal, and financial terms—making it an unfavorable environment for investment.

Figure 37- Obstacles to doing business in Syria for companies not considering opening a business in Syria



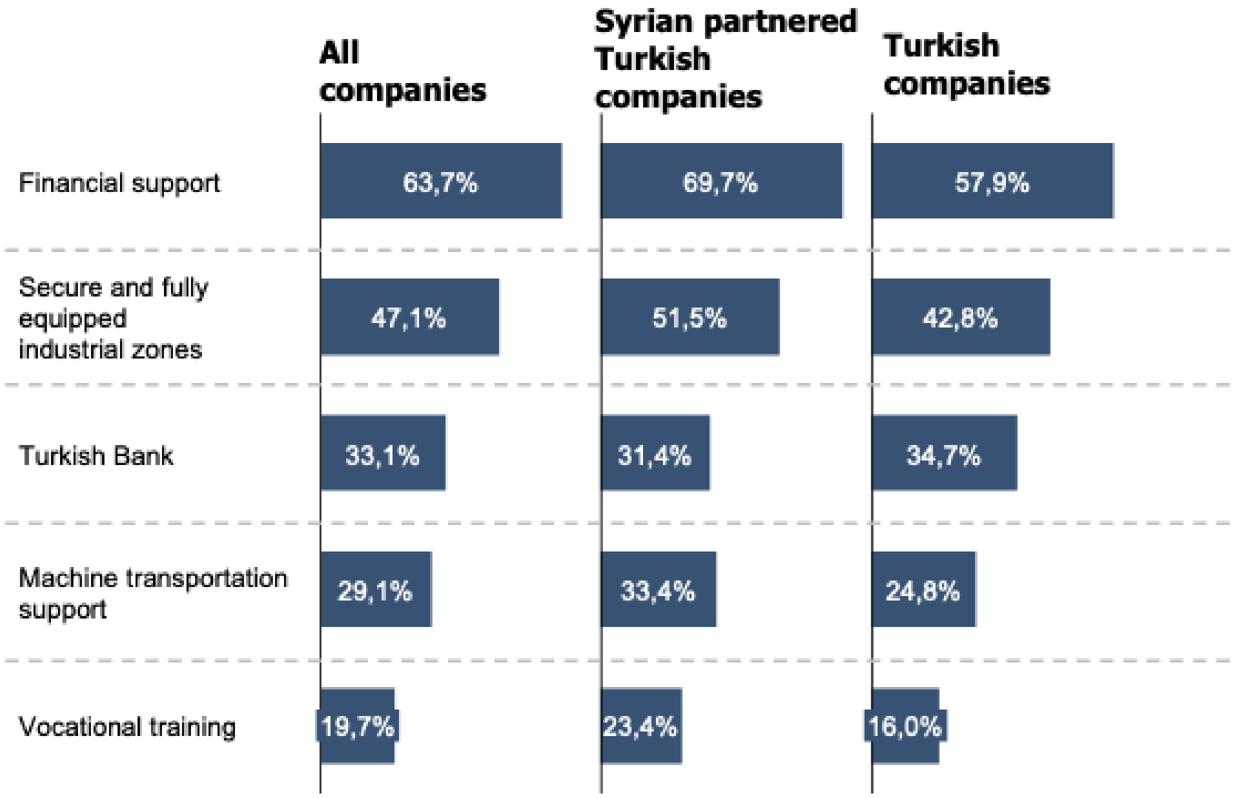
Source: Survey on Business Conditions in Syria, TEPAV calculations

Support Needs and Institutional Requests

The needs analysis conducted for companies considering opening a business in Syria reveals that access to financing is by far the top priority across all company groups. Overall, 63.7% of the companies reported needing direct financial support, with this figure rising to 69.7% among Syrian-partnered Turkish companies and standing at 57.9% for Turkish companies.

Following financing, the most requested type of support is the provision of secure and fully equipped industrial zones. This need was expressed by 47.1% of companies overall, 51.5% of Syrian-partnered companies, and 42.8% of Turkish companies. The third most cited need is access to favorable credit through Turkish banks (33.1%), followed by support for transporting machinery and equipment (29.1%). Among Syrian-partnered companies, demand for this specific support is particularly high at 33.4%. While vocational training and certification programs were mentioned less frequently (19.7%), they hold strategic importance in the long term for ensuring access to a skilled workforce.

Figure 38- For opening a business in Syria, what kind of support do you need?

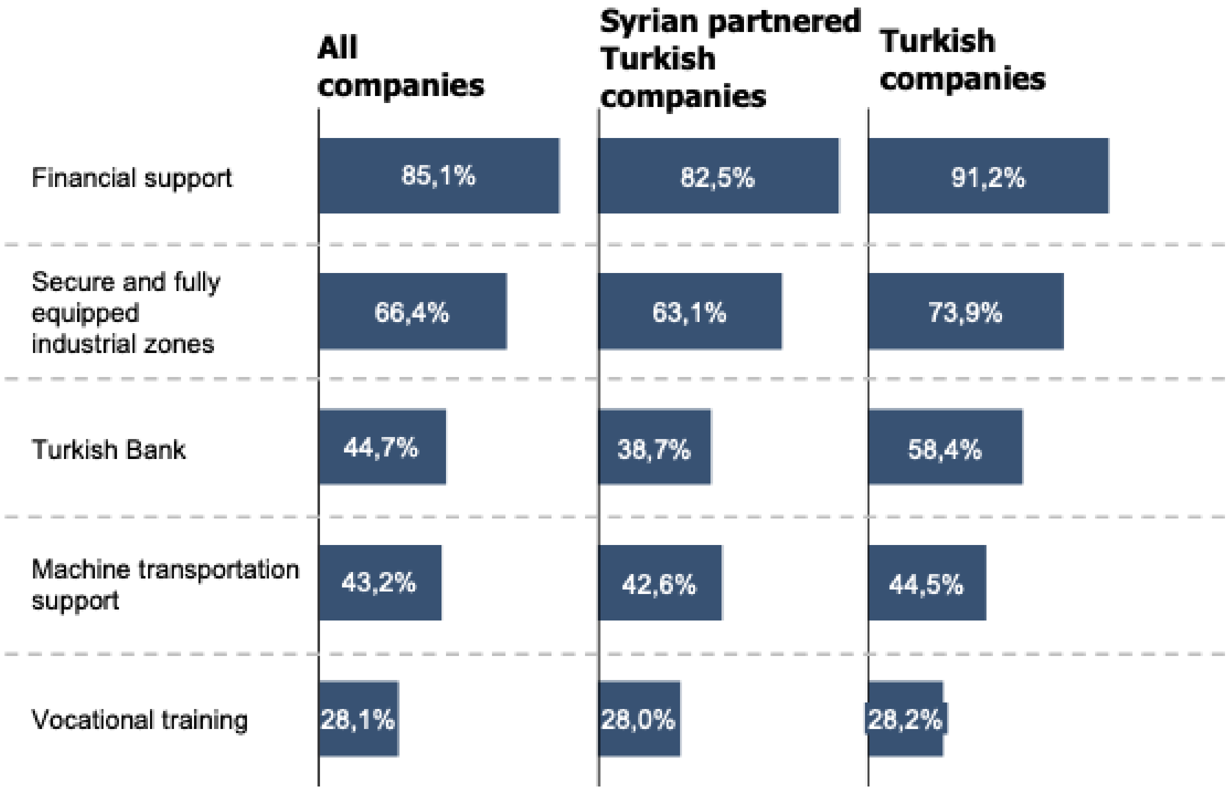


Source: Survey on Business Conditions in Syria, TEPAV calculations

The most critical support needed by Syrian-partnered Turkish companies planning to establish a business in Syria is financing, cited by 82.5% of respondents. In addition, 63.1% require access to secure and fully equipped production zones, 42.6% need support for transporting machinery, 38.7% seek access to Turkish banks, and 28% express a need for vocational training support.

Among Turkish companies considering opening a business in Syria, 91.2% state that they need financial support for investment. Additionally, 73.9% request secure and fully equipped industrial zones, 58.4% seek the ability to work with Turkish banks, 44.5% need support for transporting machinery, and 28.2% express a demand for vocational training support.

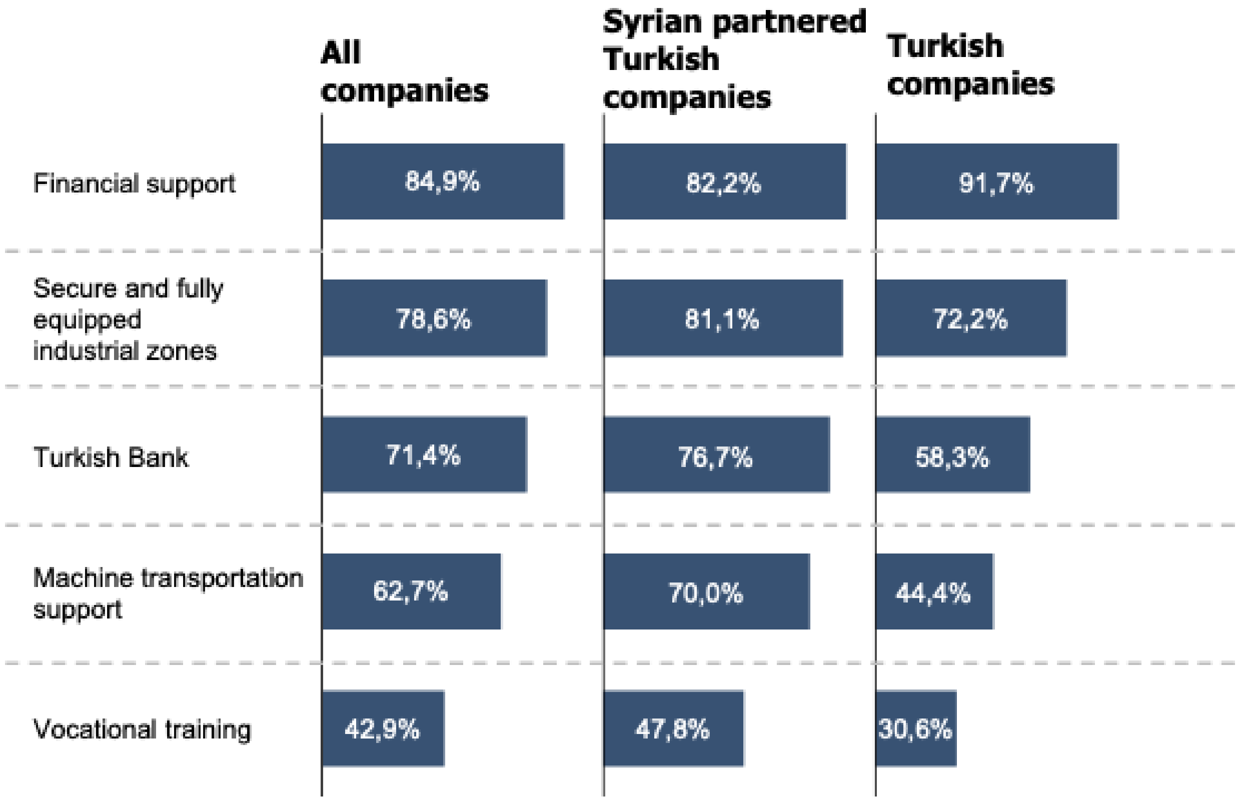
Figure 39- Support Expectations of Companies Considering Opening a Business in Syria



Source: Survey on Business Conditions in Syria, TEPAV calculations

The demands of export-oriented companies show a similar distribution. Among these, 84.9% of exporter companies overall, 82.2% of those with Syrian partners, and 91.7% of Turkish exporters consider financial support critical for investment decisions. The need for secure, fully developed industrial zones is emphasized by 81.1% of Syrian-partnered Turkish companies and 72.2% of Turkish companies. The demand for access to Turkish banks is particularly high among Syrian-partnered Turkish companies, at 76.7%. Regarding machinery transport support, 70% of Syrian-partnered Turkish companies and 44.4% of Turkish companies express need. Vocational training is requested by 47.8% of Syrian-partnered Turkish companies and 30.6% of Turkish companies.

Figure 40- Support expectations of export companies considering opening a business in Syria

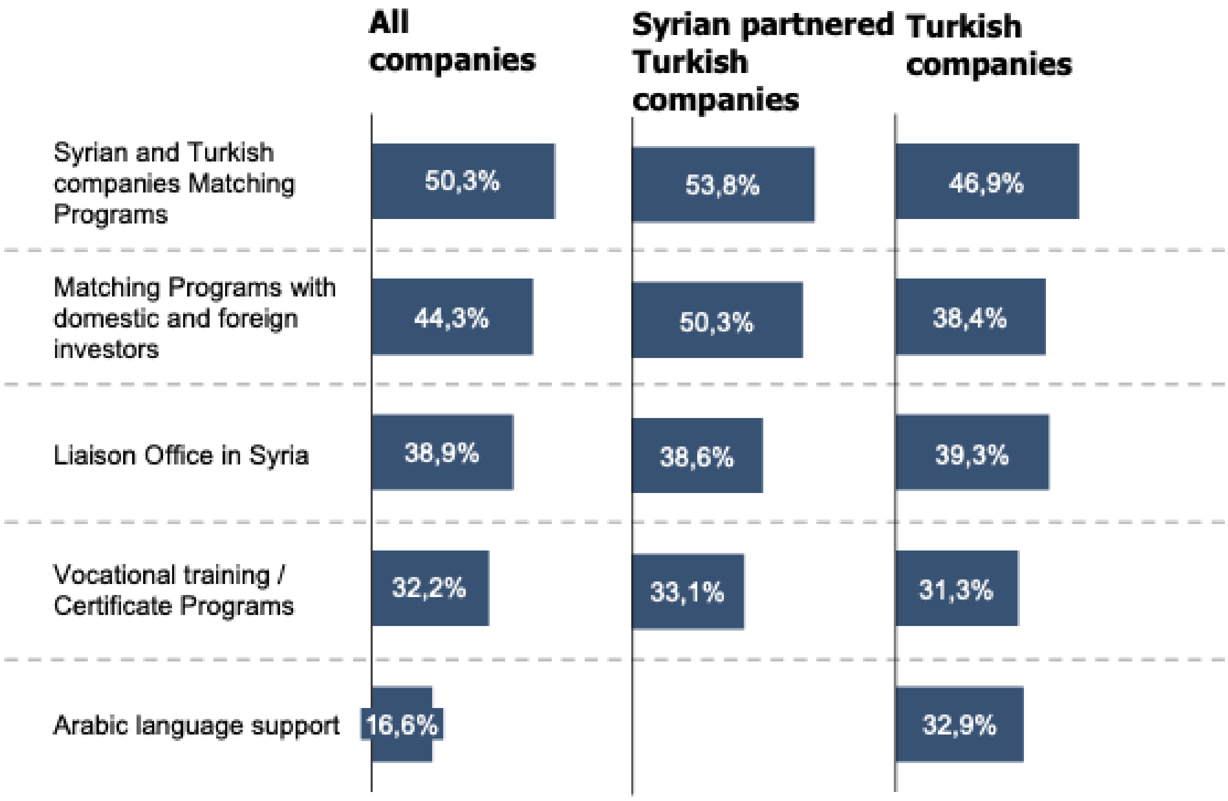


Source: Survey on Business Conditions in Syria, TEPAV calculations

Survey findings indicate that companies require not only financial and physical support but also institutional and guidance-based assistance. In this context, the most requested service from chambers of commerce and industry is matchmaking programs between Turkish and Syrian companies. This demand is expressed by 50.3% of all companies, 53.8% of Syrian-partnered Turkish companies, and 46.9% of Turkish companies. The second most requested service is matchmaking programs between domestic and foreign investors, with respective rates of 44.3%, 50.3%, and 38.4%.

The third most requested service is the establishment of a liaison office in Syria. This service is expected by 38.9% of all companies, 38.6% of Syrian-partnered Turkish companies, and 39.3% of Turkish companies. Vocational training and certification programs are in demand at rates of 32.2%, 33.1%, and 31.3%, respectively. Additionally, 32.9% of Turkish companies have expressed a need for Arabic language support.

Figure 41- For opening a business in Syria, what services do you expect from chambers of commerce and industry?

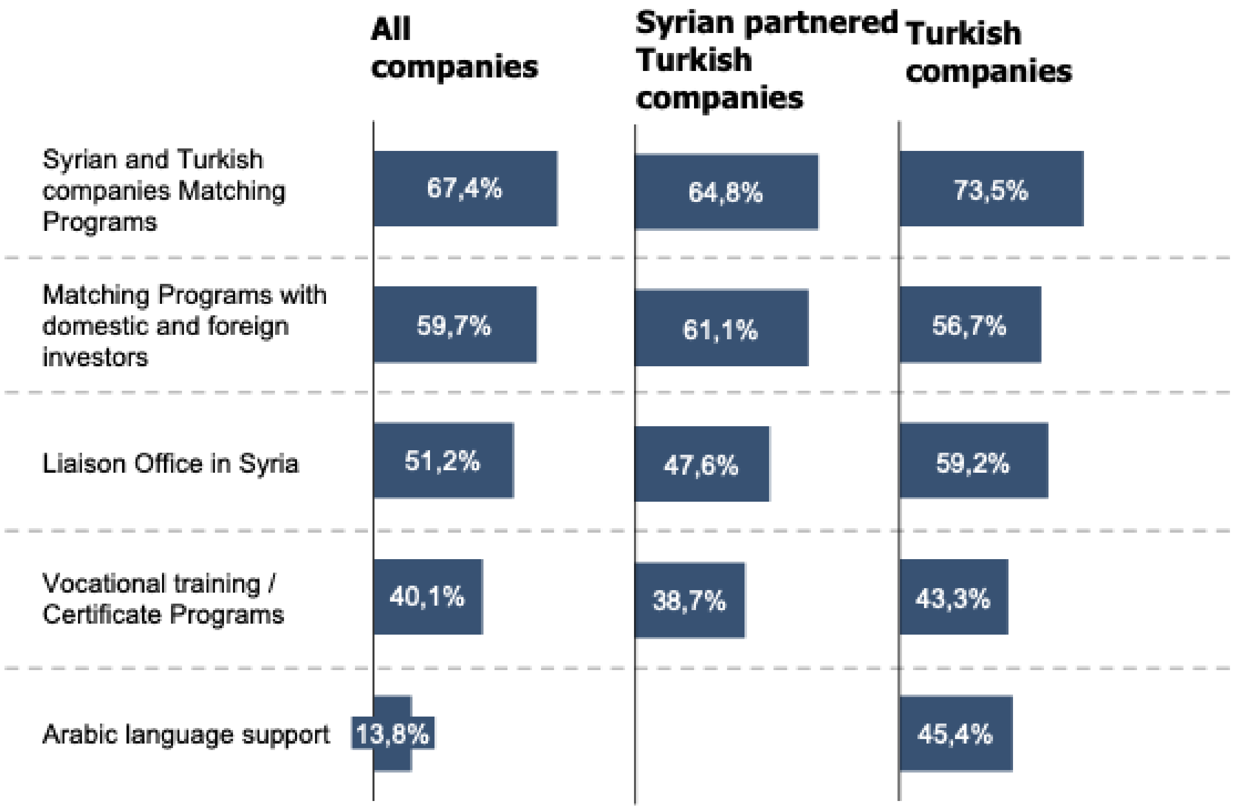


Source: Survey on Business Conditions in Syria, TEPAV calculations

Among Syrian-partnered Turkish companies considering opening a business in Syria, expectations for institutional support services are notably high. Specifically, 64.8% of these companies seek Turkish-Syrian business matching programs, 61.1% request investor matchmaking mechanisms, 47.6% desire the establishment of a liaison office in Syria, and 38.7% express a need for vocational training support. This highlights that guidance and capacity-building services are considered at least as important as financial incentives during the investment process.

Turkish companies considering opening a business in Syria also exhibit high expectations: 73.5% request a Turkish-Syrian business matching program, 59.2% seek the establishment of a liaison office, 56.7% expect investor matching services, 45.4% request Arabic language support, and 43.3% demand vocational training programs. These findings indicate that Turkish companies link their investment decisions not only to economic opportunities but also to the presence of a reliable institutional framework and guidance support.

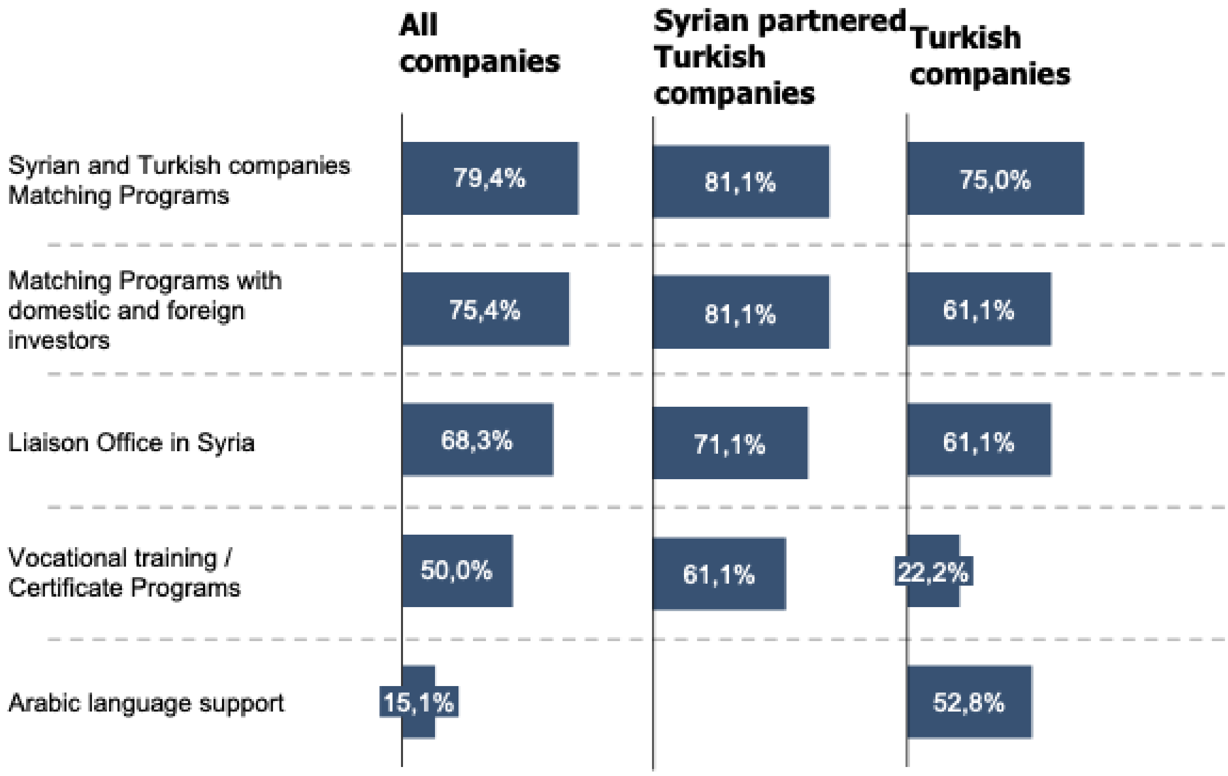
Figure 42- Expectations of companies considering opening a business in Syria from chambers of commerce and industry



Source: Survey on Business Conditions in Syria, TEPAV calculations

An examination of the expectations of export-oriented companies planning to establish operations in Syria reveals that the most highly demanded service—at 79.4%—is the implementation of "matching programs between Syrian and Turkish companies." This finding highlights the strong emphasis these companies place on developing cross-border partnerships and strengthening bilateral trade networks. The second most requested service, at 75.4%, is "matching programs with domestic and foreign investors," reflecting a critical need for capital access and partnership opportunities. Ranked third is the establishment of a "liaison office in Syria" at 68.3%, indicating a clear demand for on-site information, advisory, and coordination support. "Vocational training and certification programs" are requested by 50% of companies, pointing to the importance of enhancing technical competencies and complying with local regulations. The least demanded support, cited by just 15.1% of companies, is "Arabic language support," suggesting that this is not a primary concern for export-oriented businesses. **This distribution implies that chambers of commerce should prioritize matching, investor outreach, and field coordination services, while gradually structuring educational and language support according to firm profiles.**

Figure 43- Expectations of companies considering opening a business in Syria from chambers of commerce and industry



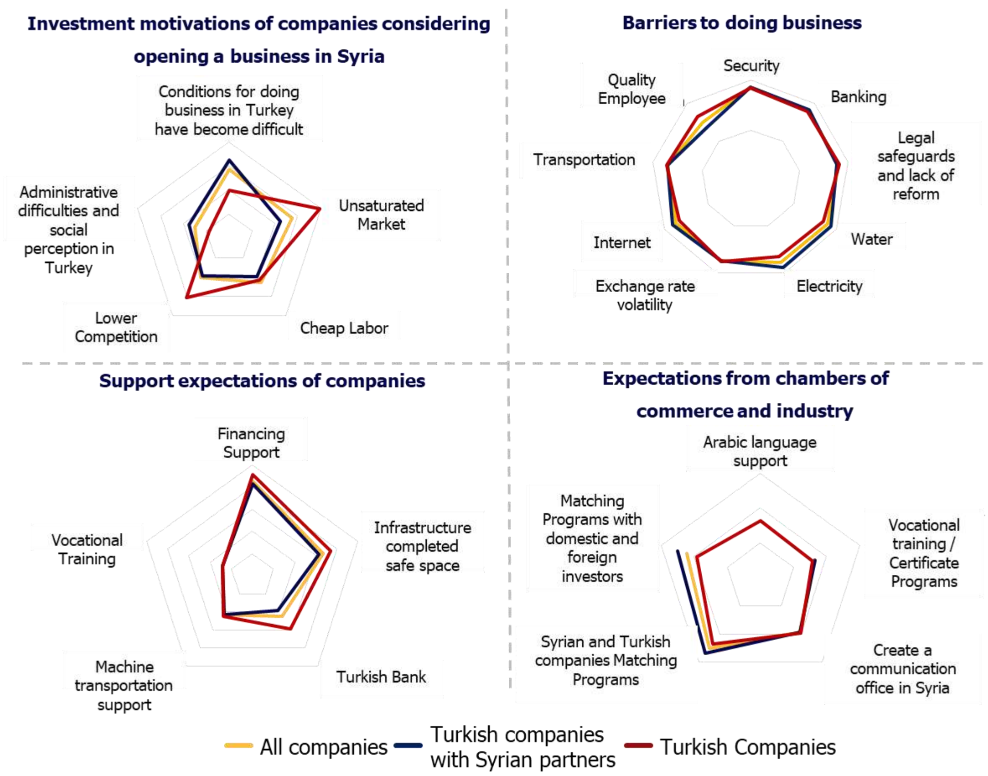
Source: Survey on Business Conditions in Syria, TEPAV calculations

Conclusion

The research findings indicate that both Syrian partnered Turkish companies and Turkish companies demonstrate significant interest in investing in Syria under certain conditions. For Syrian partnered companies, this interest is largely rooted in their pre-war business experience in Syria, as well as the market knowledge and institutional capacity they have acquired in Türkiye. Turkish companies, on the other hand, approach this opportunity primarily through an economic lens—viewing it as a means to pursue growth strategies, access new markets, and benefit from lower production costs. A common strategic orientation emerges for both groups: the desire to transfer their existing business models to Syria and view the country as a platform for expansion. This trend suggests not only the potential reactivation of companies that had previously operated in Syria, but also the emergence of new ventures managed by well-established companies based in Türkiye.

However, there are significant structural and operational obstacles preventing companies from implementing their investment decisions. Security concerns, along with deficiencies in energy and water infrastructure, are cited by companies as the most critical deterrents. In addition, the lack of legal guarantees, issues related to judicial independence, the need for comprehensive reforms, and the absence of a functioning banking system further undermine the investment climate. **Faced with this reality, the vast majority of companies express the need for various support mechanisms in order to move forward with their investment plans.** The most common and urgent needs include financial support, secure and fully equipped production zones, assistance with transporting machinery and equipment, access to Turkish banks, and vocational training programs to strengthen the skilled labor force. While improving physical infrastructure is a necessary step for revitalizing the investment environment, it must be accompanied by efforts to enhance institutional capacity as well.

Figure 44- Motivations, needs and expectations of companies to open businesses in Syria



Source: Survey on Business Conditions in Syria, TEPAV calculations

In this context, it is observed that businesses already active and familiar with the Syrian market tend to either expand their supply chains toward Syria or consider a direct return. Export-oriented companies, in particular, show a stronger inclination in this regard. However, for this trend to materialize and be sustained—along with enabling a voluntary and safe return—the establishment of peaceful and productive living environments in Syria is essential. The desired vision is a Syria with functioning infrastructure, ensured security, and fully normalized logistics, production, and living conditions. While achieving all these conditions simultaneously may not be feasible in the short term, organized industrial zones (OIZs) stand out as a strategic starting point and model for normalization. These zones are key to creating safe employment and living spaces, as well as serving as hubs for trade and investment.

OIZs established in secure and well-infrastructured areas can be designed not only as production hubs but also as integrated centers offering multifunctional services such as logistics, healthcare, banking, and vocational training. Türkiye's extensive experience with OIZs provides a valuable model for managing such complex structures effectively.

An OIZ-Centered Approach for Sustainable Economic Recovery in Syria

Two main strategies can be considered to achieve sustainable economic recovery in Syria.

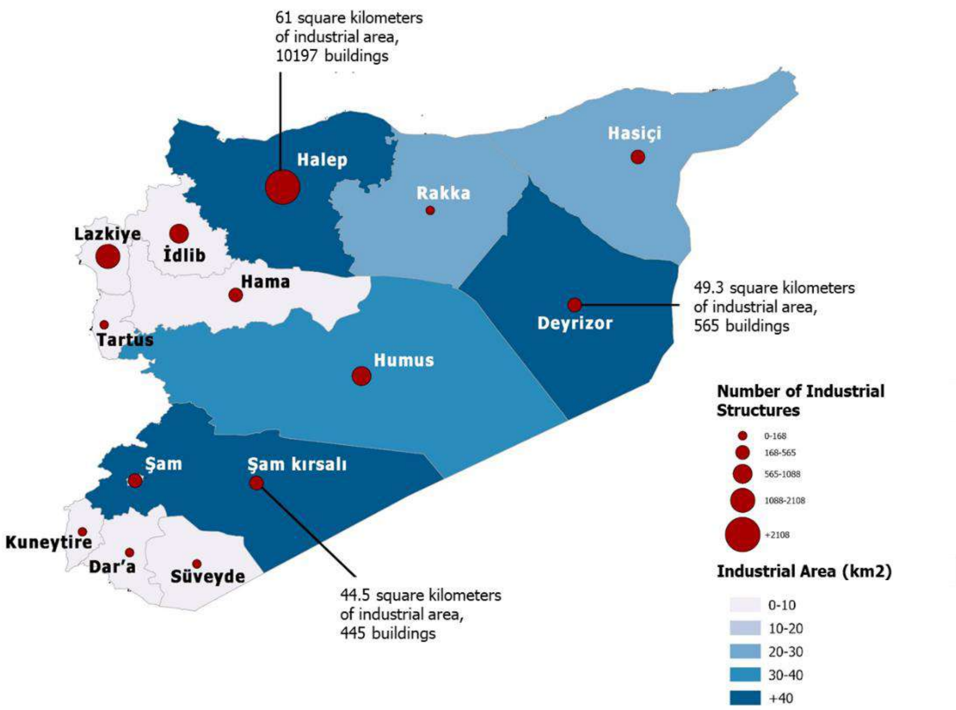
The first involves establishing a new industrial zone with modern infrastructure, offering logistical advantages and serving as a sustainable production hub. This model has the potential to eliminate uncertainties regarding property rights, encourage direct investment, and support organized production processes.

The second approach focuses on rehabilitating existing industrial zones to make them suitable for production. While this method may yield faster results, it requires careful consideration of challenges such as security concerns, infrastructure deficiencies, and legal obstacles.

In this context, the current state of existing industrial zones and the issues to be addressed during the restructuring process can be further elaborated. However, for a quick assessment, the following points stand out:

To begin with, when examining industrial zones in Syria, Idlib, Aleppo, and Latakia emerge as the most prominent regions for industrial activity. Aleppo stands as the country's largest industrial hub, with 10,197 industrial facilities spread over 61 km² of industrial land, playing a critical role in both traditional manufacturing and trade. Given its proximity to Türkiye and relative integration into regional trade networks, revitalizing Aleppo's industrial infrastructure could significantly enhance regional economic cooperation. Similarly, although Latakia has only 2,108 industrial facilities within a limited area of 5.75 km², its status as a port city offers strong logistical advantages, positioning it strategically to expand trade with Türkiye. Meanwhile, Idlib, with 1,088 industrial structures across 3.78 km², stands out as a region with promising potential for expanding production capacity.

Figure 45- Number of industrial areas and industrial structures in Syria



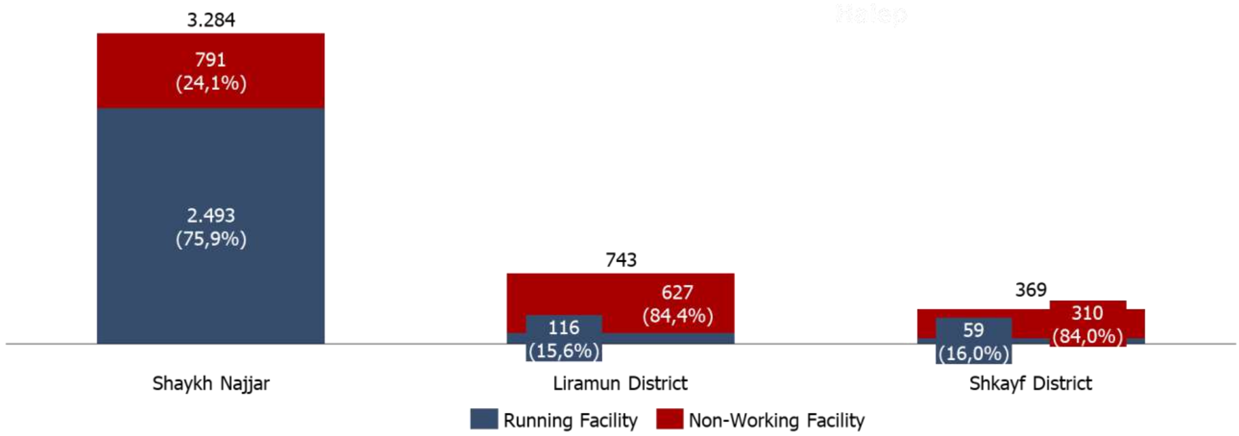
Source: Open Street Map[5], TEPAV calculations

[5] OpenStreetMap. (2025). OpenStreetMap – Map data

In this context, looking at the Aleppo region, data from the Syrian Chambers of Commerce for 2025 estimate that a total of 21,368 businesses could operate across 28 industrial zones in the city. However, due to the destruction caused by the war, it is assumed that the production capacity in these zones has significantly decreased.

The Sheikh Najjar Industrial Zone is one of Aleppo's largest organized industrial areas; however, currently, only about 24.1% of its industrial facilities are operational. Damage to electricity and water infrastructure has disrupted production, while the lack of skilled labor and the absence of banking services make the region's reconstruction efforts more difficult. In this context, the establishment of vocational training institutions, provision of a stable water supply to industrial facilities, and financial support for strategic enterprises are critically important for restarting production.

Figure 46- Industrial facilities operating and not operating in selected industrial zones in Aleppo



Source: Syrian Chambers Union and field research, TEPAV calculations

Although the Liramun Industrial Zone is an important hub—particularly for the textile sector—more than 80% of its businesses have become non-operational. Deficiencies in the energy infrastructure, especially the limited electricity supply restricted to just 12 hours a day, significantly hinder industrial activity. Extending electricity service to a full 24 hours and completing transformer maintenance urgently are priorities for enabling sustainable production. Additionally, the renewal of road, water, and sewage infrastructure is crucial for allowing businesses to resume operations.

The Shkayif Industrial Zone is among the areas that suffered the most severe damage during the war. Currently, 84% of businesses in the area are non-operational, with 40% of them having been completely destroyed. The extensive damage to the road infrastructure and the inadequacy of the water network significantly hinder industrial activity. In this context, the repair and maintenance of key routes—particularly Ayn al-Tal, Kastello, Muslimiyeh, and Haydariye roads—is of critical importance for enhancing the region's logistical capacity.

Looking at the Idlib region, the concentration of economic activity in Sarmada stands out. Once a small border town before the war, Sarmada has transformed into the main hub of trade with Türkiye, particularly following the decline in security in Aleppo.

Establishing an OIZ in the city of Sarmada with free trade zone status could be highly beneficial. In particular, Sarmada's proximity to the Port of İskenderun increases its potential to serve as a logistics hub by positioning the region as a center for export and re-export activities. In this context, developing Sarmada based on a model similar to Türkiye's OIZs could make significant contributions both to deepening trade relations with Türkiye and to the economic restructuring of the region.

Figure 47- Sarmada Region

Source: Google Maps, TEPAV visualisation

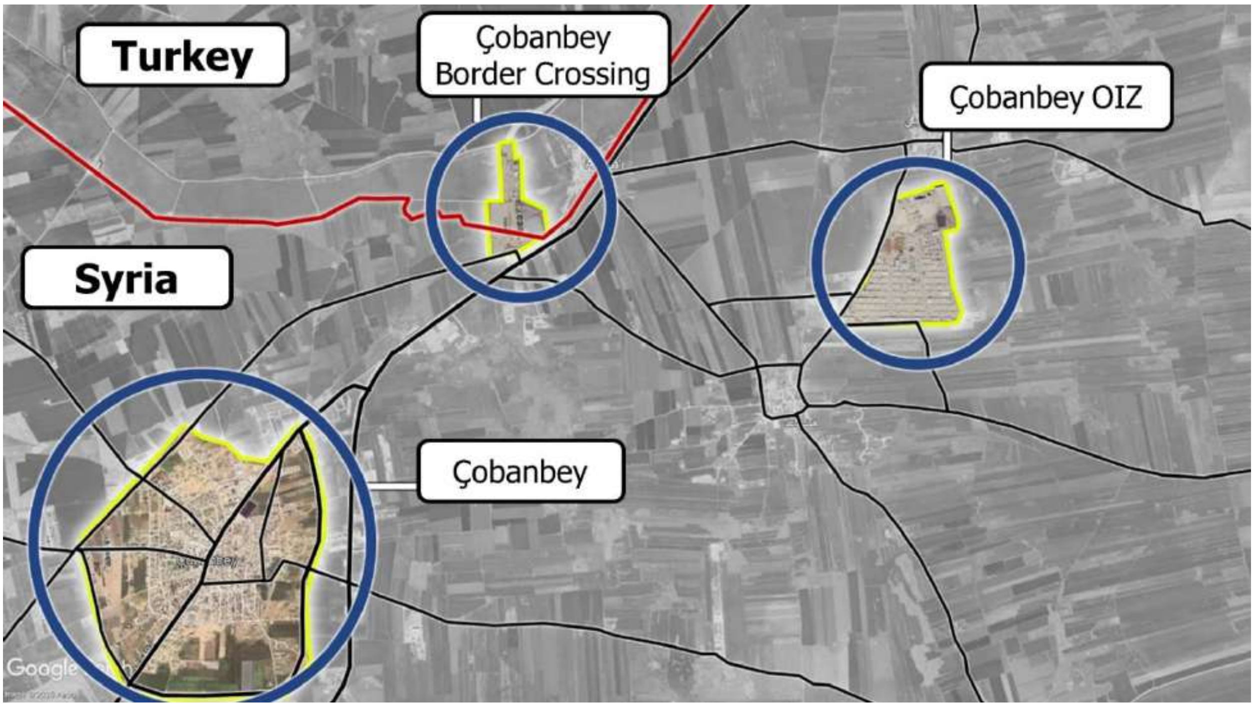
Located in the northeast of Aleppo, Çobanbey has emerged as a strategically significant center due to its direct connection to the Turkish border, active customs gate, surrounding road networks, and the recently established Çobanbey Organized Industrial Zone. The Çobanbey Border Gate, which operates in direct connection with Türkiye, places the region in an advantageous position in terms of both commercial transit and supply chains.

The Çobanbey Organized Industrial Zone (OIZ) was designed by drawing inspiration from Türkiye's OIZ model. The first phase is currently operating at 95% capacity, while the second phase has reached a 30% occupancy rate. These figures indicate that the region has become a significant hub for investors. Following the near-completion of infrastructure in the first phase, rapid occupancy is also expected in the second phase. The current structure of the OIZ offers a favorable environment for small and medium-sized enterprises to operate, and the provision of essential services such as electricity, water, and security supports the sustainability of production activities.

Moreover, Çobanbey's proximity to industrial zones in Türkiye positions it as a natural extension for cross-border logistics and production networks. In addition to the OIZ, developing the surrounding town's social infrastructure—such as vocational training centers, banking services, accommodation facilities, and daily living spaces—would support industrial activities, attract a skilled workforce to the area, and contribute to increased economic vitality.

The emergence of Çobanbey as an industrial and commercial hub directly integrated with Türkiye presents a model example for both restarting production in secure areas and facilitating the orderly economic recovery of northern Syria.

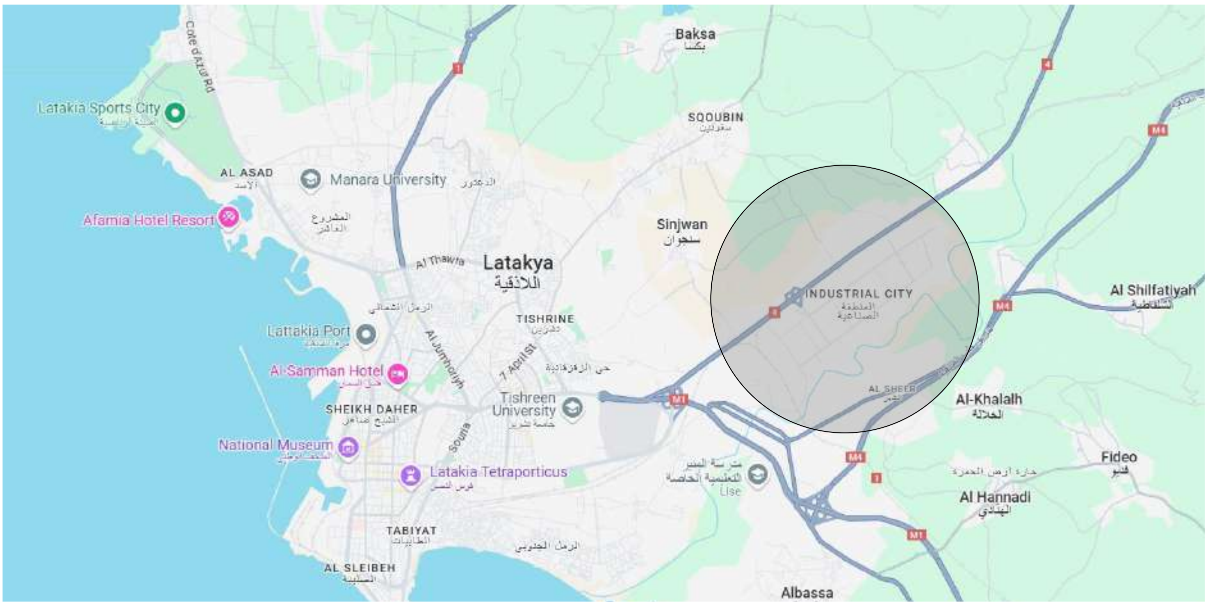
Figure 48- Çobanbey, OIZ and Border Gate



Source: Google Maps, TEPAV visualisation

Moreover, Türkiye's investment in the Latakia Industrial Zone adjacent to Latakia Port could provide a significant trade advantage for Türkiye while also contributing to the revitalization of the local economy. Modernizing the industrial zone and strengthening its infrastructure could boost regional production capacity, create employment, and accelerate economic recovery. Türkiye's participation in industrial production in this area would allow it to leverage logistical advantages effectively, while also supporting local manufacturers with technology and financing, thereby fostering a more efficient production model. This collaboration could not only establish a new industrial and export hub for Türkiye but also help strengthen the economy of Latakia.

Figure 49- Latakia Industrial Zone



Source: Google Maps, TEPAV visualisation

Türkiye's role in Syria's economic recovery is significant due to its geographical proximity, established trade ties, and experience in industrial infrastructure. However, industrial zones must be designed not merely as production sites but as sustainable living environments. Beyond security and basic infrastructure, integrating services such as education, banking, childcare, bakeries, and restaurants into these zones—and designing them as small settlements capable of delivering their own municipal services in line with the Turkish OIZ model—will help ensure continuity of production. This approach would also encourage workforce settlement in the area and promote the revival of economic life.

How Can Pilot Safe Zones Be Designed in Syria?

The TOBB Industry for Peace (TOBB BİS) initiative, supported by the Union of Chambers and Commodity Exchanges of Türkiye (TOBB), is set to complete construction of the Jenin Free Industrial Zone by 2026. This zone has been officially registered by the Presidency of the Republic of Türkiye as the first OIZ established abroad. Accordingly, a legal framework for Turkish OIZs operating overseas is already in place.

Overseas OIZs can be established independently by private companies or through partnerships with existing OIZs. In this process, detailed feasibility studies must be conducted, taking into account the infrastructure capacity, transportation links, and industrial potential of the target region. Once the necessary permits are obtained from the Ministry of Industry and Technology of the Republic of Türkiye, projects supported by Presidential decree contribute to Türkiye's foreign trade, expand industrial production capacity, and promote the global dissemination of Türkiye's OIZ expertise.

In addition, under the scope of state support for overseas OIZ projects, technical assistance is provided in areas such as planning, infrastructure development, operational processes, and access to finance. This legal framework can be further strengthened through direct incentives—such as relocation support—for Turkish companies aiming to extend their supply chains abroad.

In Syria, Investment Law No. 18 of 2021[6] was enacted to improve the investment climate in the country and to encourage foreign direct investment. This law, which came into effect on May 19, 2021, outlines the rights and obligations of investors and includes mechanisms such as investment incentives and special economic zones. The definition related to special economic zones is as follows:

"Article (25):

a. Special economic zones shall be established for the following purposes:

1- Encouraging activities and sectors that are considered important or seen as fundamental to development

2- Encouraging the creation of a series of related economic activities in the form of production or service clusters

3- Enabling comprehensive growth by revitalising affected and developing regions

b. The decision on the establishment of the special economic zone shall include the following elements:

1- The shape of the region

[6] Syrian Arab Republic. (2021). Investment Law No. 18. Official Gazette, 19 Mayıs 2021.

2- The administrative boundaries of the determined area after coordination with the relevant authorities

3- Activities permitted within the area

4- Incentives and investment advantages provided to this region

5- Rules and determining factors regarding investment in the region

6- Sectors that will benefit from incentives and advantages

7- Time required for the establishment of the region"

The section of the law concerning special economic zones outlines the primary objectives of establishing such zones, their structure, and the incentives provided to investors. The law states that special economic zones are divided into three main categories:

Development zones are established to promote the reconstruction and economic development of areas affected by war or crises.

Specialized zones are established to promote production and service clusters in specific sectors and include export-oriented manufacturing centers, technology parks, health zones, and tourism destinations.

Privately owned zones are areas that allow investors to carry out economic activities on land they personally own.

These special economic zones offer various incentives for investors. These include tax exemptions, duty-free import opportunities, investment-friendly regulatory frameworks, affordable land allocation, and streamlined licensing procedures aimed at reducing bureaucracy. In particular, companies focused on export-oriented production benefit from significant financial advantages. The law provides legal protection for investors and stipulates that expropriations may only be carried out in the public interest and with compensation based on market value.

The incentives offered by special economic zones in both Türkiye and Syria will facilitate the expansion of Turkish companies' production and trade networks into Syria, while also enabling Syrian entrepreneurs to transfer the industrial experience they gained in Türkiye back to their home country. In this way, industrial cooperation between Türkiye and Syria will not only boost bilateral trade volume but also integrate regional production networks—strengthening Türkiye's global competitiveness and initiating Syria's industrialization process.

Syrian-partnered companies established and operating in Türkiye will be able to strengthen their production capacities by leveraging Türkiye's investment incentives, financial support mechanisms, and industrial infrastructure advantages. These companies can then transfer that experience to their economic activities in Syria. This process will enhance economic interaction between Turkish and Syrian companies, laying the groundwork for a sustainable industrial partnership between the two countries while also facilitating the rapid launch of economic activity within Türkiye.

However, for this effort to yield effective results, a comprehensive and integrated strategy for Syria is essential. This strategy should address key questions such as where OIZs will be established, under what legal status they will operate, and how investment guarantees, property rights, and international support mechanisms will be integrated. In this context, the key questions that come to the forefront include: How can secure OIZs contribute to Syria's economic recovery? What kind of Private Sector Development (PSD) model should be adopted for Syria? What institutional mechanisms should be established to enable public-private sector dialogue? Should an Investment Advisory Council similar to Türkiye’s Coordination Council for the Improvement of the Investment Environment (YOİKK) be designed for Syria?

Answering these questions will not only facilitate companies’ investment decisions, but also lay the groundwork for an orderly, planned, and mutually beneficial reconstruction process in Syria’s economic recovery.

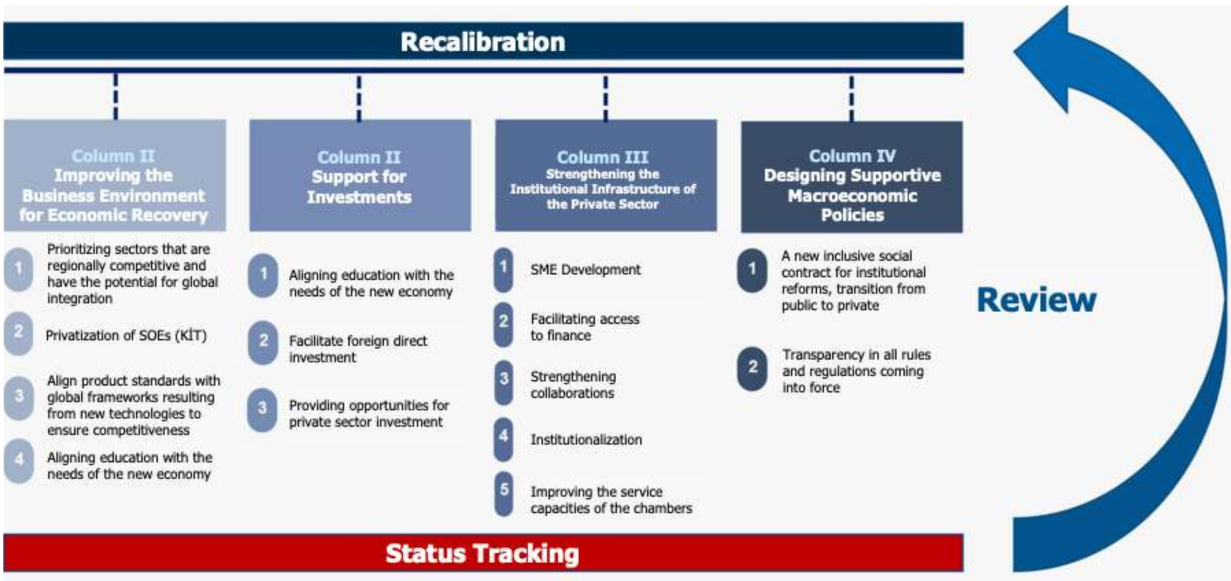
Private Sector Development Strategy for Syria

The foremost priority for post-war Syria is to restore economic vitality, thereby enabling a return to normal life. While economic reconstruction involves elements such as repairing physical infrastructure, revitalizing cities, and attracting large-scale investments, completing these steps in the short term appears unlikely under current conditions. Therefore, the initial focus should be on stimulating an economic revival that boosts labor force participation and revitalizes trade and production. Making market mechanisms functional will not only help normalize daily life but also pave the way for broader reconstruction efforts.

a) Four Key Priorities and Policy Areas

In the short term, economic revitalization—and in the medium to long term, lasting recovery and reconstruction—can only be achieved through a development strategy that places private sector growth at its core. The goal of this strategy is to build a dynamic and sustainable national private sector that is regionally competitive and globally integrated, under the leadership of the business community. This approach is expected to promote economic diversification, sustainable development, and job creation. In this context, a private sector development strategy for Syria should be built around four key priorities.

Figure 50- Private Sector Development Strategy for Syria



Priority I: Improving the Business Environment for Economic Recovery

The first priority is to improve the business environment by identifying focus areas where security is steadily maintained and essential public services such as electricity, water, and healthcare can be provided without interruption. These safe and functional zones should serve as the starting points for economic revitalization. Alongside underperforming OIZs impacted by the war, reactivating logistics hubs would help bring idle infrastructure back into use and encourage businesses to swiftly resume operations. Such an approach would not only support job creation at the regional level but also facilitate the reactivation of supply and distribution chains.

Priority II: Support for Investments

Secondly, in order to accelerate the recovery process, it is essential to clearly identify which sectors and locations will generate the greatest multiplier effects, and define priority investment needs accordingly. Within this targeted investment strategy, special investment planning should focus on critical infrastructure—especially ensuring uninterrupted access to electricity, water, and high-speed internet—with particular emphasis on OIZs. Securing the necessary infrastructure financing through public-private partnerships will help reduce investor risk perceptions and facilitate faster capital flows.

Priority III: Strengthening the Institutional Infrastructure of the Private Sector

The third priority is to strengthen the institutional infrastructure of the private sector. In this context, a dedicated **SME Development Agency** should be established to provide mentorship, technology transfer, and export consulting services to businesses, enabling the implementation of comprehensive support programs. To improve access to finance, national credit guarantee funds should be activated, and mechanisms that reduce banks' collateral requirements should be introduced. The national chamber-union legislation should be revised to operate on a mandatory membership basis in order to enhance the representational power of the private sector. Additionally, policy analysis units should be established within chambers of commerce and industry; these units should serve as the voice of the private sector under the secretariat of the Private Sector Development Council (PSDC), producing regular data and formulating policy recommendations.

Priority IV: Designing Supportive Macroeconomic Policies

Finally, a supportive macroeconomic policy framework must be established to ensure the sustainability of the recovery. Alongside the re-establishment of the banking system, the fiscal administration should be restructured to develop a modern tax incentive regime and streamlined administrative procedures. Tools such as investment allowances, accelerated depreciation, and green production credits should be implemented with a focus on maintaining budgetary discipline. Additionally, ex-ante impact assessments should be conducted for all policy components, and performance indicators should be clearly defined.

Monitoring, Evaluation and Recalibration Cycle

Designed as the fifth component of the program, the Monitoring and Evaluation Cycle will track the progress of the Private Sector Development Strategy for Syria through systematic and comprehensive data collection mechanisms. It will transparently relay findings to all stakeholders via feedback loops and dynamically recalibrate implemented policies based on results—updating budgets, timelines, and responsibilities as needed. In doing so, this cycle will form the backbone of the program alongside the other four strategic priorities.

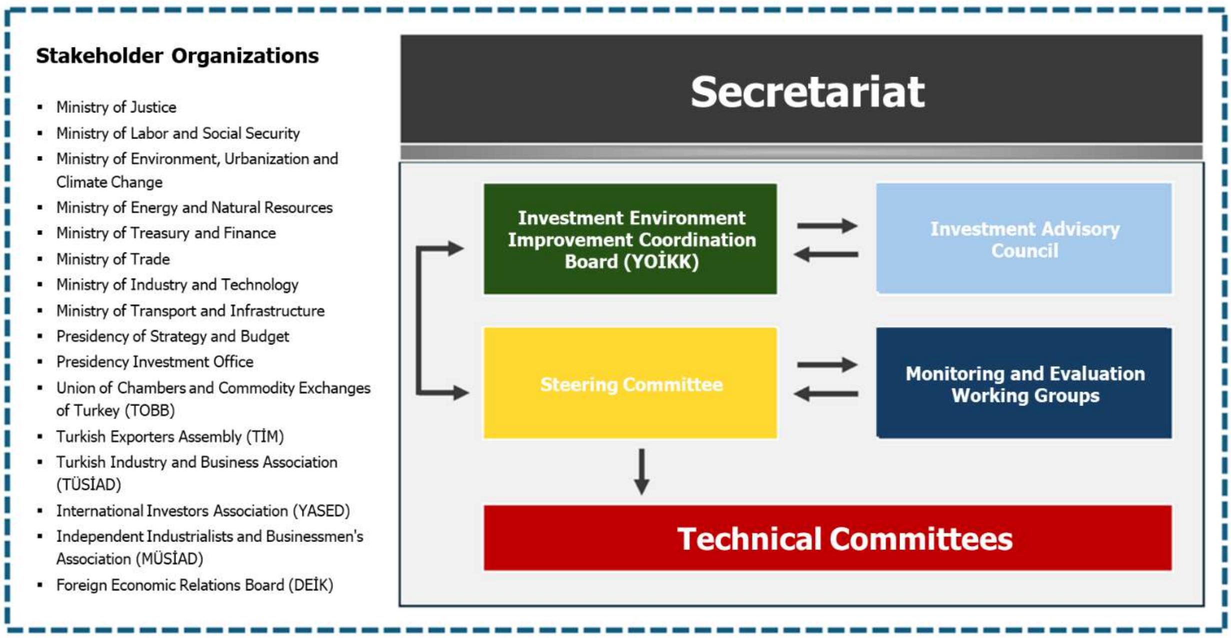
b) Implementation Architecture

The proposed implementation architecture is centered around the Private Sector Development Council (PSDC). Designed as a hybrid structure that brings together business associations and relevant public institutions, the Council would enable the simultaneous inclusion of both private and public perspectives in the policy-making process. This approach envisions the creation of a permanent public-private dialogue platform, inspired by the success of Türkiye's Coordination Council for the Improvement of the Investment Environment model.

It is proposed that the PSDC function as a high-level policy dialogue platform and, after defining strategic orientations, design a detailed action plan. This draft plan should clearly lay out a timeline and roadmap, while also specifying the institutions and organizations responsible for carrying out each activity. Conducting functional assessments of these responsible actors can help identify strengths and weaknesses, thereby providing concrete answers to the question of "where to start."

Within the framework of the Council, it is essential to establish regular consultation channels that bring together the business community and public authorities. Such channels would help keep the proposed strategy current and practically oriented. In parallel, capacity-building programs aimed at both public and private sector institutions could strengthen institutional and technical capabilities, enhancing the overall effectiveness of this dialogue mechanism.

Figure 51- Model structure for Syria's PSDC: Turkish Coordination Committee for the Improvement of the Investment Environment Platform



Source: Prepared by the authors based on the information contained in Presidential Decree No. 818 on YOIKK, published in the Official Gazette on 13 March 2019.

c) Key Objectives and Roadmap

The Private Sector Development Strategy for Syria aims to swiftly initiate economic recovery in the aftermath of the war and to revitalize employment and income-generation channels. The proposed priorities—improving the business environment in secure and functioning focus areas, supporting critical infrastructure investments in a targeted manner, strengthening the institutional capacity of the private sector, and simplifying the macroeconomic incentive framework—can help reactivate production and trade in the short term. These steps will contribute to reactivating market mechanisms, enhancing household livelihoods, and reinforcing social stability.

In the medium to long term, the strategy envisions a gradual shift from a state-dominated economic structure to an inclusive and competitive model driven by the private sector. A public-private dialogue mechanism, guided by the Private Sector–Led Development Council, can facilitate collective decision-making in the design and prioritization of reforms. A regular monitoring and evaluation cycle will help adapt the strategy to conditions on the ground. The success of this transition will depend on the development of inclusive financial instruments, transparent incentive schemes, and the simultaneous strengthening of institutional capacity.

Annex 1 – Syria's Post-War Situation: Current Situation Analysis

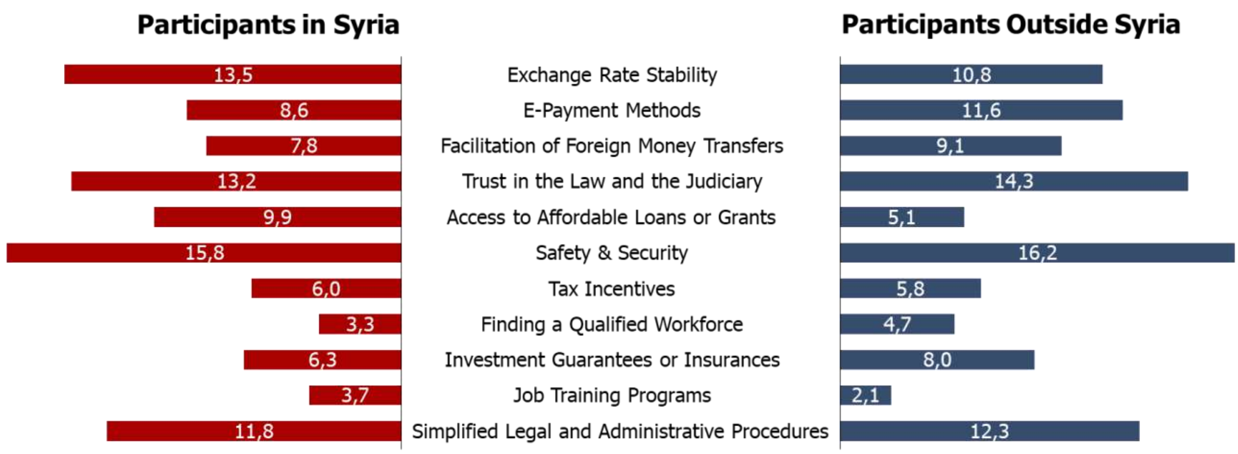
This section will examine studies and literature on Syria's economic recovery, investment climate, and infrastructure deficiencies, focusing on key findings related to the post-war reconstruction process. It will assess the challenges encountered in critical areas such as security, the legal framework, financial access, and infrastructure.

1- Investment Climate

According to the "Syrians' aspirations on the future of business & investment" report[7], the most important incentives for participants inside Syria include security and safety (15.8%), exchange rate stability (13.5%), trust in the legal system and judiciary (13.2%), and simplified legal and administrative procedures (11.8%). These findings highlight that for a sustainable business environment, stability, a reliable legal framework, and streamlined administrative processes are of critical importance. Additionally, access to affordable credit or grant-based financing (9.9%) and the development of e-payment systems (8.6%) are also cited as supportive elements for improving the investment climate.

For participants outside Syria, the top motivating factors are similarly security and safety (16.2%), trust in the legal and judicial system (14.3%), and simplified legal and administrative procedures (12.3%). Other key factors influencing investment decisions include exchange rate stability (10.8%), the ease of transferring foreign currency (9.1%), and investment guarantees and insurance mechanisms (8.0%).

Figure 52- Factors promoting entrepreneurship in Syria, %



Source: Syrians' Aspirations on the Future of Business & Investment report, TEPAV visualisation

The study highlights that for the investment climate in Syria to be revitalized, three fundamental requirements must be met: macroeconomic stability, a strengthened regulatory framework, and improved security conditions. Key factors influencing investors' decision-making processes include exchange rate stability, legal safeguards, and simplified administrative procedures. Predictable economic policies are particularly critical for facilitating financial access and attracting international capital. However, the effectiveness of all these elements hinges on resolving the country's security

[7] Indicators Marketing Research and Consultancies EST. (2025). The new Syria: Syrians' aspirations on the future of business & investment - A baseline for investor confidence. Insights Report, Ocak 2025. Erişim adresi: https://www.indicatorsconsulting.com/syrian-investor-confidence

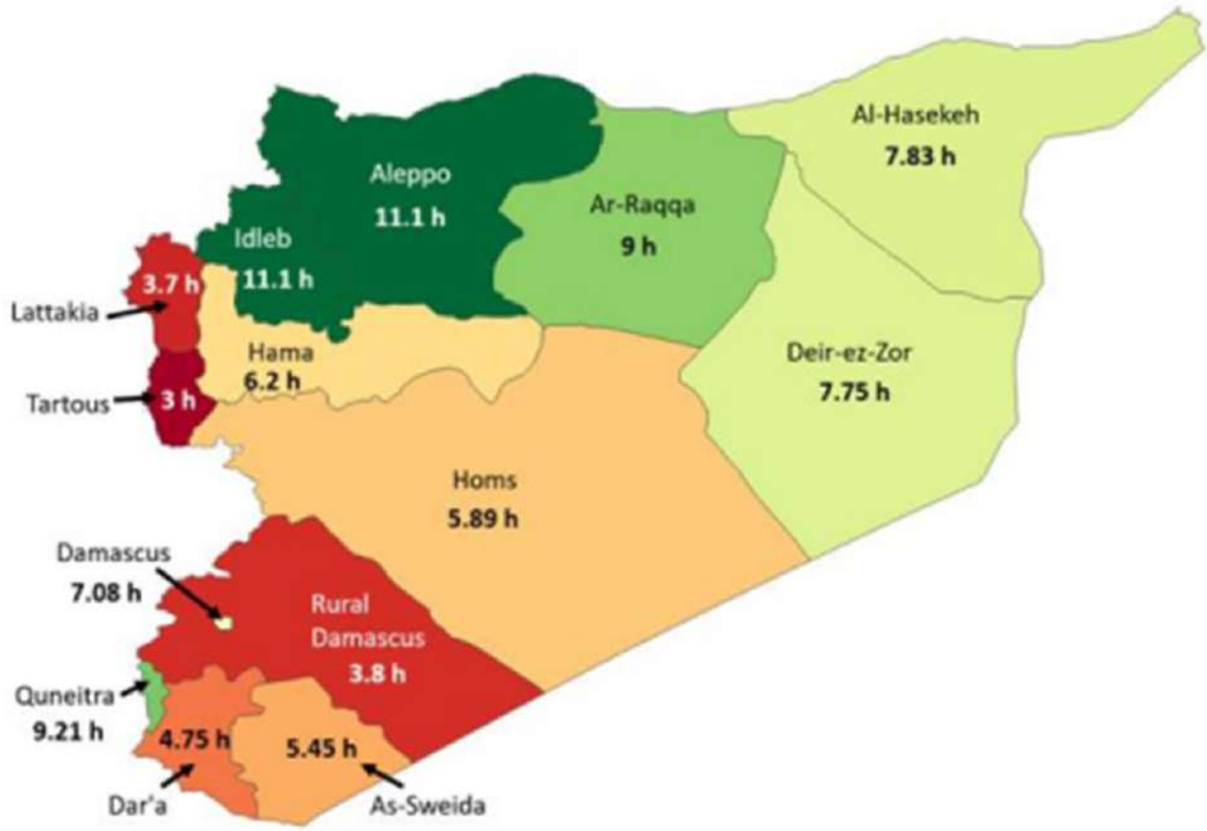
challenges. Ending armed conflict and ensuring stability will reduce the perceived risks for both local and international investors, thereby making the business environment more attractive.

2- Electricity

A robust and stable energy infrastructure ensures uninterrupted industrial operations, reduces production costs, and contributes directly to economic growth. At the same time, reliable access to electricity and fuel for households improves quality of life and enables the sustainable delivery of essential services such as healthcare and education. In regions affected by war and crises, effective energy resource management becomes not only a pillar of economic development but also a critical factor for ensuring social stability and security.

According to a study by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA)[8], electricity access in Syria varies significantly across regions. While average daily electricity supply reaches 11.1 hours in Aleppo and Idlib, 9 hours in Raqqa, and 7.8 hours in both Hasakah and Deir ez-Zor, many areas receive far less. In particular, electricity is limited to only 3 hours per day in Tartus, 3.7 hours in Latakia, 3.8 hours in rural Damascus, and 4.8 hours in Daraa. Such limited electricity availability severely disrupts daily life and hampers economic activity.

Figure 53- Average daily access to electricity in Syria, 2022



Source: MSNA 2022, OCHA, TEPAV visualisation

[8] United Nations Office for the Coordination of Humanitarian Affairs (OCHA). (2022). Suriye Arap Cumhuriyeti: 2023 İnsani Yardım İhtiyaçları Genel Görünümü. Aralık 2022. Erişim adresi: https://www.unocha.org/syria

According to the Atlantic Council's January 2025 report[9], Syria's energy infrastructure has been severely damaged due to more than a decade of ongoing conflict, resulting in a sharp decline in energy supply. Before the civil war, Syria produced approximately 29.5 billion kilowatt-hours of electricity annually, while its consumption stood at 25.7 billion kilowatt-hours (EIA, 2015)[10]. However, during the war, the country's electricity generation and distribution infrastructure suffered extensive damage—particularly thermal and hydroelectric power plants. Most of Syria's electricity generation relied on power stations fueled by oil and natural gas, but the supply of these fuels has dropped significantly, disrupting the functioning of the remaining plants.

The decline in Syria's electricity generation capacity has significantly restricted energy access for industry, agriculture, and households. According to the report, the country's natural gas production—which was its largest energy source before the war—dropped from 8.7 billion cubic meters in 2011 to just 3 billion cubic meters by 2023 (Energy Institute, 2024)[11]. Considering that one-quarter of Syria's electricity is generated using natural gas, this decline has further deepened the nationwide energy crisis. In addition, Syria's two main oil refineries—located in Homs and Banyas—suffered severe damage during the war and have largely lost their operational capacity[12].

Currently, Türkiye supplies electricity to the Idlib region, and expanding this capacity could significantly improve energy access in the area. Meeting urgent energy needs through floating power plants and regional cooperation could help restore essential infrastructure. However, achieving a sustainable outcome for energy projects will largely depend on resolving the geopolitical complexities in northern Syria.

In the medium and long term, increasing Syria's energy production capacity could help reduce electricity costs in the region and pave the way for a sustainable energy supply structure. Strengthening Syria's domestic energy output and integrating it into regional natural gas and oil trade also holds the potential to create more cost-effective electricity procurement channels for Türkiye. Through the reconstruction of energy infrastructure and integration into regional energy flows, Türkiye could emerge as a key transit hub for oil and gas pipelines.

Syria's strategic location could make it a vital corridor for transporting Middle Eastern natural gas to Europe, further solidifying Türkiye's role in the regional energy supply chain. Additionally, the discovery of new energy fields in Syria and Türkiye's involvement in the development of existing reserves could deepen bilateral energy cooperation. In this context, active participation by Turkish energy companies in the exploration and operation of oil and gas resources in Syria could contribute not only to Syria's economic recovery but also to strengthening Türkiye's position in regional energy trade.

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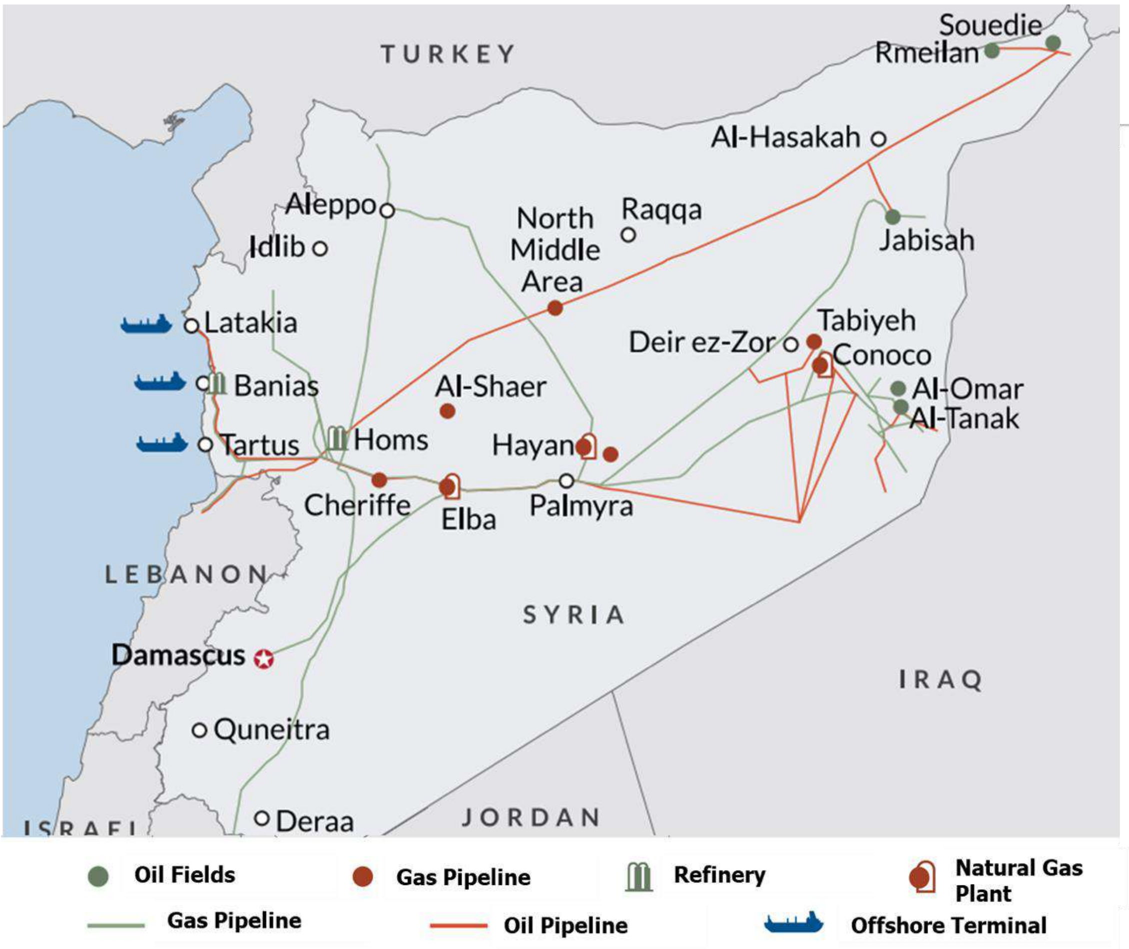
[9] Atlantic Council. (17.01.2025). Syria's energy sector and its impact on stability and regional developments. Review Report. Access address: https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/syrias-energy-sector-and-its-impact-on-stability-and-regional-developments/

[10] U.S. Energy Information Administration (EIA). (2015). Syria Country Analysis Report. Updated: 24 June 2015. Access address: https://www.eia.gov/international/analysis/country/syr

[11] Energy Institute. (2024). World Energy Statistical Review Report (73rd Edition). Access address:https://www.energyinst.org/statistical-review

[12] The New Arab. (2024). Syria's oil refineries are idle due to a fuel crisis. Access address: https://www.newarab.com/news/syrias-oil-refineries-remain-idle-amid-fuel-crisis

Figure 54- Syria energy infrastructure



Source: Atlantic Council[13]

3- Internet

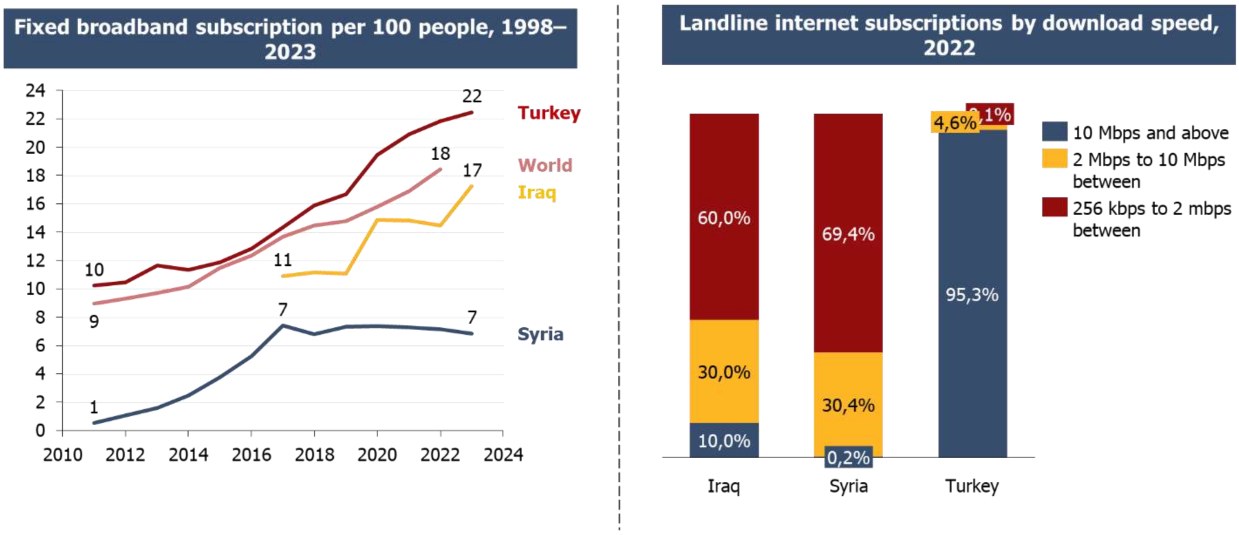
The internet has become a critical infrastructure component across all sectors today. In particular, fast and reliable internet access is essential for boosting productivity and maintaining global competitiveness in high value-added industries. However, due to inadequate infrastructure, internet access in Syria remains limited both in terms of speed and coverage.

According to data from the International Telecommunication Union (ITU)[14], fixed broadband internet subscription in Syria stands at only 7 per 100 people. In comparison, this figure is 22 in Türkiye and 17 in Iraq. More importantly, 69.4% of fixed-line internet subscriptions in Syria provide speeds between just 256 Kbps and 2 Mbps. This indicates that internet access is largely limited to low speeds and that modern digital infrastructure is significantly lacking. The proportion of fixed-line subscriptions capable of delivering speeds of 10 Mbps or higher is only 0.2% in Syria, compared to 10% in Iraq and 95.3% in Türkiye.

[13] Atlantic Council. (2025). Syria's energy sector and its impact on stability and regional developments. Review Report, 17 January 2025. Access address: https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/syrias-energy-sector-and-its-impact-on-stability-and-regional-developments/. Rapor, based on Energy Intelligence data.

[14] International Telecommunication Union (ITU). (2024). ITU DataHub. Access address: https://datahub.itu.int/

Figure 55- Availability and speed distribution of fixed broadband internet in selected countries



Source: ITU, TEPAV visualisation

4- Water infrastructure

Water infrastructure is of critical importance in both daily life and industrial settings. Reliable water resources are an undeniable priority for the sustainability of the food and chemical industries, for maintaining hygiene standards, and for ensuring uninterrupted production processes. The lack of such infrastructure not only impacts industry but also poses serious health risks for the wider population.

According to the World Bank (2022) report[15], Syria's water and sanitation systems have largely become non-functional. Existing infrastructure has been severely damaged, and the facilities that remain operational are functioning below standard and require urgent maintenance. This situation has forced urban residents to dig their own wells and purchase water from tanker trucks at high prices. Damage to wastewater systems, decreased river flows, and excessive use of groundwater have significantly deteriorated water quality. In addition, frequent power outages caused by ongoing conflict have disrupted the operation of pumps and water lines, leading to major interruptions in water supply.

Syria's water infrastructure has suffered severe damage due to conflict, compromising both access to water and sanitation services. Based on the World Bank's 2022 infrastructure damage assessment, total economic losses related to wells in selected areas were estimated between $619.7 million (low estimate) and $991.5 million (high estimate), with 39 wells rendered completely unusable. Water towers and storage facilities incurred some of the highest losses, with damage valued up to $188.8 million. Similarly, damage to three water treatment plants reached as high as $144 million. Losses in wastewater treatment facilities were estimated at $40 million, while damage to pumping stations was projected at up to $58.7 million. Dams were also affected, further undermining water supply security. As emphasized in the World Bank's reports on infrastructure resilience during crises, the destruction of water infrastructure calls for broad, multi-level interventions—from humanitarian aid to comprehensive economic recovery planning.

[15] World Bank & European Union. (2022). Syria: Joint Damage Assessment for Selected Cities. December 2022. Access link: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099173502272397116 | Note: The assessments in this report were conducted in the following 14 cities: Afrin, Aleppo, Deraa, Daraya, Deir ez-Zor, Hasaka, Homs, Idlib, Manbij, Palmyra, Raqqa, Rastan, Tel Abyad and Zabadani.

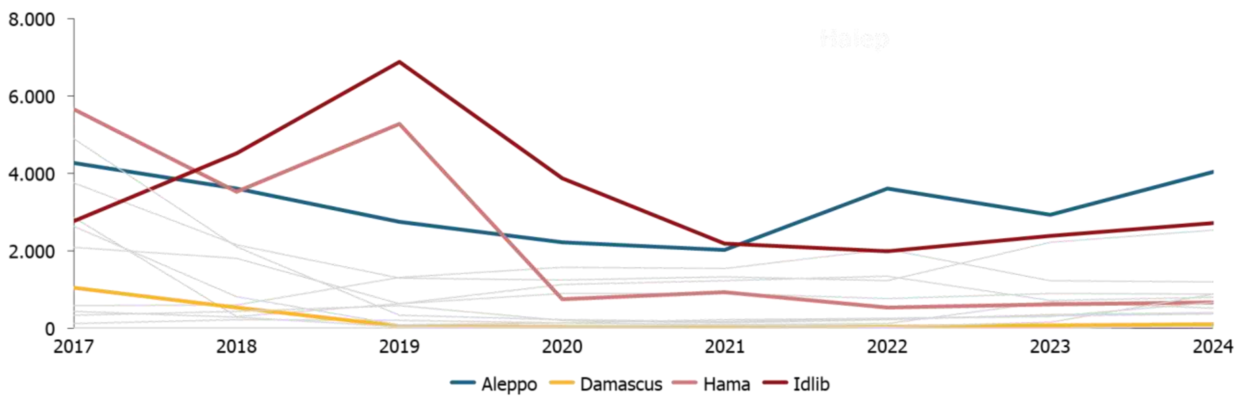
5- Security

According to the report "Syrians' aspirations on the future of business & investment," security is identified as the most significant barrier to doing business in Syria. Data from the Armed Conflict Location and Event Data (ACLED) for 2025[16] reveals that the country continues to experience high levels of violence. Aleppo (4,031 incidents), Idlib (2,716), and Deir ez-Zor (2,533) are the provinces with the highest number of violent events.

In particular, the number of violent incidents in Idlib peaked in 2019 with 6,883 cases, showed a declining trend by 2020, but began to rise again after 2022. Similarly, in Aleppo, violent incidents dropped from 4,269 in 2017 to 2,215 in 2020, but increased again, reaching 4,031 by 2024. This trend highlights the continuing instability of security conditions in the country.

In addition to the ongoing conflict in Syria, unexploded ordnance, landmines, and the presence of armed groups are among the primary factors that heighten security risks in the region[17]. These threats, particularly in the context of infrastructure investments and industrial projects, significantly restrict business operations and pose serious risks for investors. As of 2024, according to ACLED data, Syria ranks as the third country in the world with the highest number of violent incidents.

Figure 56- Violence incidents by province in Syria, 2017-2024



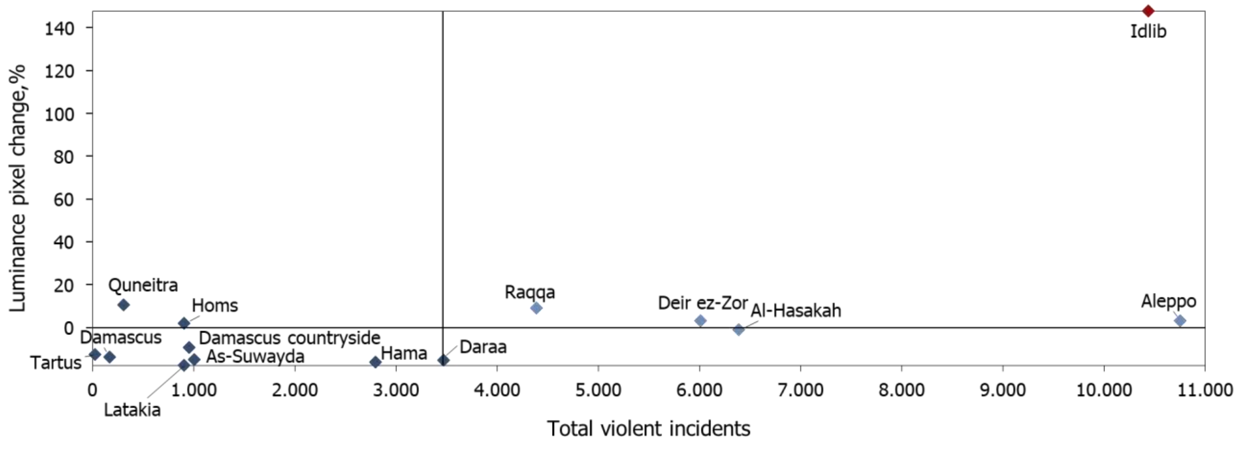
Source: ACLED, TEPAV visualisation

Night-time light data[18] is widely recognized as an indicator of economic activity, commercial vitality, and the expansion of residential areas, and is frequently used to measure recovery trends in conflict-affected regions. Between 2020 and 2023, the highest increase in night-time light intensity across Syria was recorded in Idlib, with an annual rise of 147%, signaling ongoing infrastructure projects, industrial production, and commercial activity in the region.

Idlib's strategic position in terms of trade routes and border crossings, as well as its strong ties with Türkiye, played a key role in this economic dynamism—despite the area being under the control of Hay'at Tahrir al-Sham (HTS). In contrast, other conflict-affected regions such as Aleppo and Deir ez-Zor, while still experiencing high levels of violence, did not show a noticeable increase in night-time light data.

[16] Armed Conflict Location & Event Data Project (ACLED). (2025). Armed Conflict Location and Event Data Project. Access address: https://www.acleddata.com
[17] United Nations Development Programme (UNDP). (2024). Livelihoods Landscape in Syria.
[18] Chen, Z., Yu, B., Yang, C., Zhou, Y., Yao, S., Qian, X., Wang, C., Wu, B., & Wu, J. (2020). An extended time-series (2000-2023) of global NPP-VIIRS-like nighttime light data. Harvard Dataverse, V5. Erişim adresi: https://doi.org/10.7910/DVN/YGIVCD

Figure 57- Change in the number of lit pixels (%) and total intensity events in provinces, 2020-2023



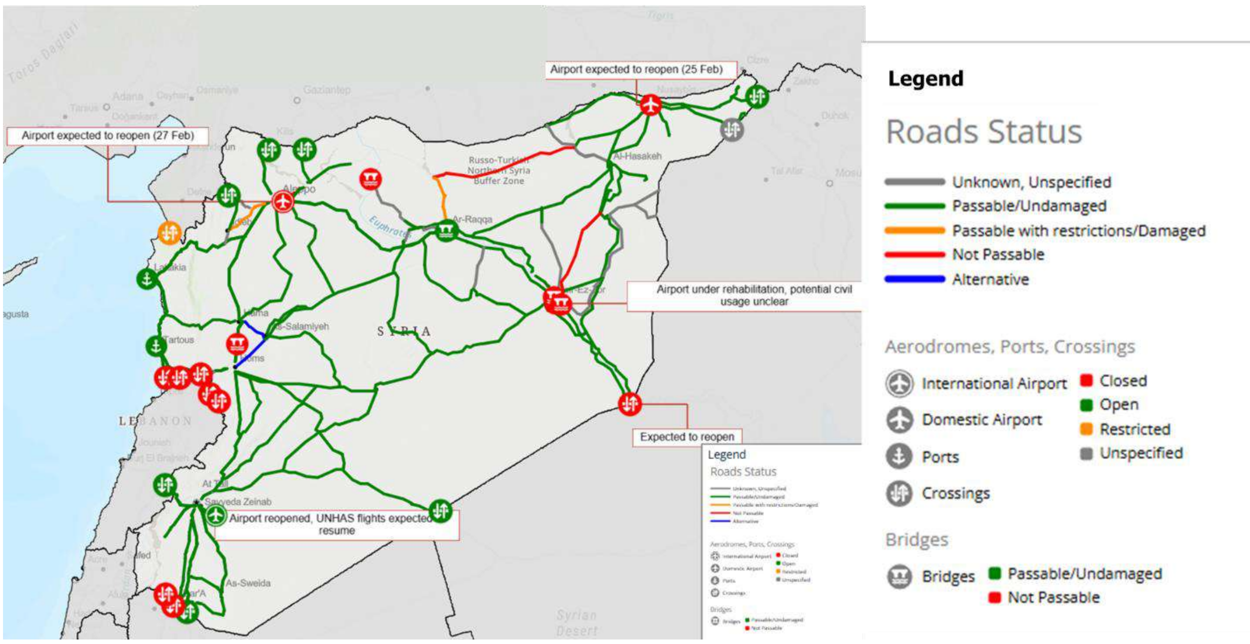
Source: Chen vd., ACLED, TEPAV calculations

In this context, improving the security environment in Syria could contribute to making commercial activities more sustainable.

6- Transportation

A safe and efficient transportation network not only ensures the uninterrupted flow of trade but also strengthens regional integration. The condition of ports and roadways is among the key factors determining the development of foreign trade and the sustainability of investments. However, current infrastructure deficiencies and security risks make it difficult for the country to fully integrate into international logistics networks. Therefore, revitalizing trade and improving the investment climate will require the development of secure and modern transportation systems.

Figure 58- Transport infrastructure status, 22.02.2025



Source: Logistic Cluster (Data was collected on 22 February 2025.)[19]

[19] Logistics Cluster. (2025). Logistics Information Exchange (LogIE) Platform- Syria Operations. World Food Programme (WFP). Erişim adresi: https://logie.logcluster.org/?op=syr.

a) Ports

Only the ports of Latakia and Tartus are currently in active use in Syria. Both ports are located along the Mediterranean coast and hold critical importance for the country's maritime trade.

Latakia Port, with a quay length of 4,280 meters and 23 berths, is Syria's largest commercial port and serves as a key hub particularly for container shipping. Tartus Port, on the other hand, has a quay length of 6,366 meters and 24 berths, and is primarily focused on the transport of grain and bulk cargo. It houses a grain silo with an 85,000-ton capacity, and its railway connections facilitate the transport of goods to Syria's interior regions. However, the capacity and infrastructure of both ports remain limited to regional trade, playing only a marginal role in large-scale transit trade and international shipping.

In 2009, a Turkish-partnered French logistics company took over the operation of the container terminal at Latakia Port, assuming a more active role in its management. While the company's presence holds potential for greater integration of the port into international trade, Syria's economic and political conditions have prevented Latakia from becoming fully integrated into the global trade network. Renewing its contract in 2019, the company has continued operations and, as of 2025, remains active under a new agreement with the interim government.

Box 3- The Regional Superiority of Mersin Port and Future Competitive Dynamics

Compared to the ports of Latakia and Tartus, Mersin Port has advantages in terms of container capacity, depth, and operational efficiency. Thanks to its greater water depth (16 meters), it can accommodate larger tonnage vessels, and it has more container berths than the other two ports. Mersin also has higher bulk cargo unloading capacity and is better positioned in terms of silo berths. Its strong international connectivity and proximity to industrial zones make it a key hub for both regional and transit trade.

However, while Syria's ports currently suffer from infrastructure limitations, they have the potential to reach higher capacities and offer lower-cost operations. Although direct competition with Mersin may not be feasible in the short term, over time, Latakia Port could become competitive with Mersin, which would be a significant development for the regional trade landscape.

b) Airlines

Turkish Airlines[20] has resumed its Istanbul–Damascus flights after a 13-year hiatus, having suspended the route in 2012. This development aligns with recent updates on the operational status of airports in Syria. As of January 7, 2025, Damascus International Airport has resumed operations, although it is currently handling only limited flights (Logistic Cluster). Qamishli National Airport remains closed but is expected to reopen in the near future. Deir ez-Zor National Airport is undergoing rehabilitation, with plans to open it for civilian use. Aleppo International Airport also remains closed, though it is anticipated to become operational again soon.

c) Bridges

According to compilations by the Logistic Cluster, the road between Homs and Hama is currently being used via an alternative route due to damage to the Al Rastan Bridge. The road between Idlib and Aleppo is accessible only on a limited basis because of the risks posed by landmines and unexploded ordnance. In particular, the areas between Sheikh Ali–Kafr Halab and Urum–Taftanaz, which lie along the route connecting Idlib and Aleppo provinces, present difficult driving conditions

[20] Anadolu Agency (AA). (2024). THY resumes flights to Syria after 13 years. Retrieved from https://www.aa.com.tr/tr/gundem/thy-13-yil-sonra-suriye-ucuslarina-yeniden-basladi/3459809

due to potholes and uneven surfaces. The road between eastern Aleppo and Al Bab is closed to traffic in rural areas, and updates are expected once the affected sections are identified.

d) Railways

The General Establishment of Syrian Railways (CFS) is the state institution responsible for managing and operating the country's railway infrastructure[21]. Starting from the 1960s, investments were made to connect the ports of Tartus and Latakia to the railway network, thereby facilitating the integration of maritime trade with inland regions[22]. With the onset of the Syrian Civil War, the country's railway infrastructure suffered extensive damage, and the operations of the General Establishment of Syrian Railways (CFS) were severely disrupted. Today, most railway lines are either out of service or operating at limited capacity[23].

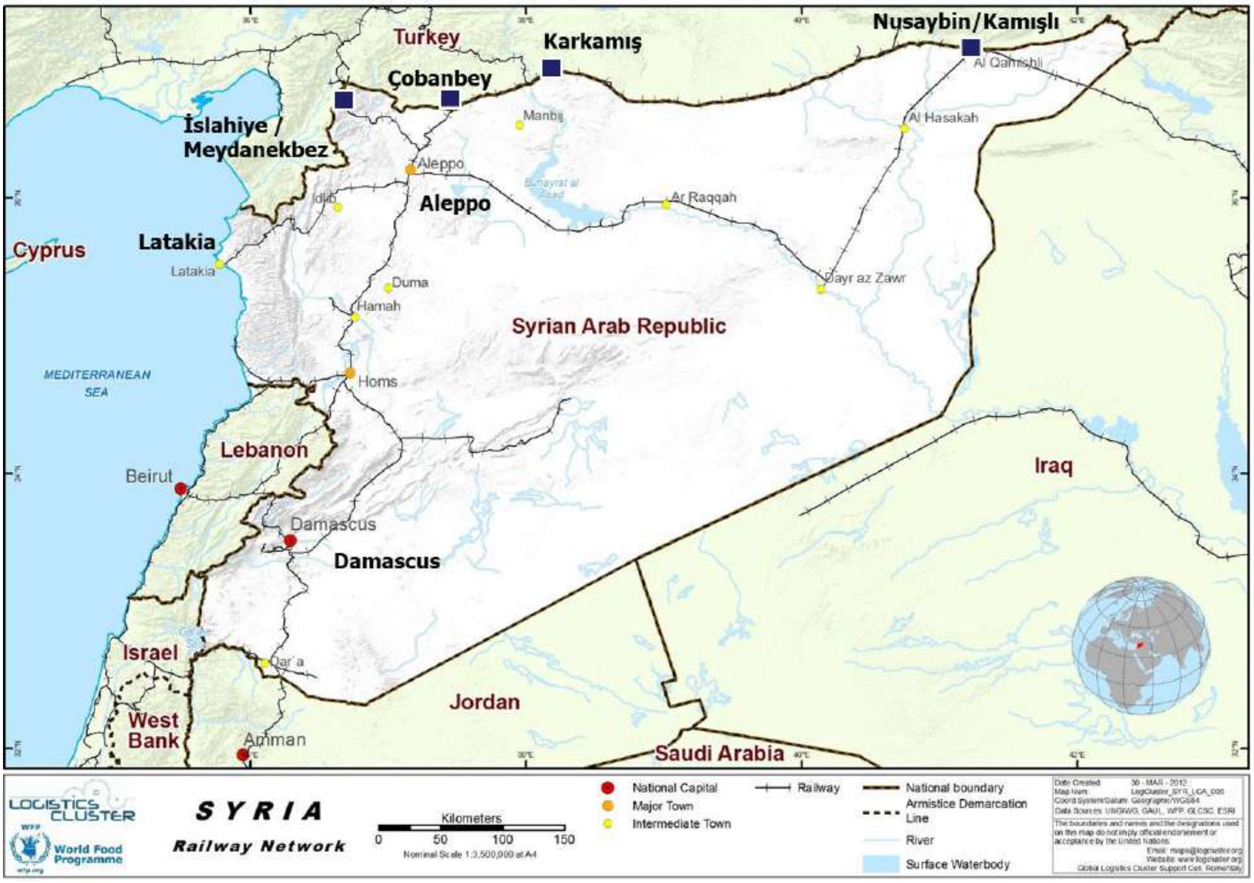
The Aleppo–Nusaybin line, part of the Baghdad Railway built during the Ottoman era, similarly lost its function after the section within Syria became unusable due to ongoing conflict. The 757 km railway line stretching from Latakia to Aleppo to Qamishli holds particular significance for commercial activity in northeastern Syria.

There are three railway crossings connecting Türkiye and Syria via border gates. The first is the Çobanbey rail line running between Gaziantep and Aleppo, which has largely been rendered inoperative due to the war. The second is the Meydan Ekbez line extending from İslahiye to Aleppo, which has also been shut down as a result of the conflict, though efforts are underway to restore its operation[24]. The third line, the Aleppo–Nusaybin railway, falls under the responsibility of Turkish State Railways's (TCDD) 6th Regional Directorate on the Turkish side. However, the section within Syria has become unusable due to the war and has been closed to international traffic. Restoring the functionality of these railway lines is of critical importance for strengthening commercial and logistical ties between the two countries.

According to World Bank estimates[25], total damage to the country's railway sector is between 1 and 1.5 billion USD. A loss of this magnitude indicates a critical need for substantial investment to restore the railway network to operational status.

[21] DBpedia. (2024). Syrian Railways. Access address: https://dbpedia.org/page/Syrian_Railways.
[22] International Union of Railways (UIC). (2017). Current Outlook to the Middle East Railways. Access address: https://uic.org/middle-east/.
[23] Al Mayadeen English. (2024). Syria railways incurred over $1bn in losses because of war: SAR. Access address: https://english.almayadeen.net/news/economics/syria-railways-incurred-over-1bn-in-losses-because-of-war-sa.
[24] Anadolu Agency (AA). (2024). Request to reopen the Islahiye Border Gate connecting Türkiye to Syria by rail. Access link: https://www.aa.com.tr/tr/gundem/turkiyeyi-demiryolu-ile-suriyeye-baglayan-islahiye-sinir-kapisinin-yeniden-acilmasi-talebi/3461031.
[25] World Bank & European Union. (2022). Syria: Joint Damage Assessment for Selected Cities. December 2022. Access link: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099173502272397116 | Note: Railway damage figures have been published collectively.

Figure 59- Syria railway map



Source: Logistic Cluster[12]

Reviving Türkiye's railway connections with Syria could significantly enhance regional trade and economic integration. The involvement of TCDD in the reconstruction and operation of these lines would be a strategic move, given its technical capabilities and operational experience. To ensure the sustainability of infrastructure investments, financing mechanisms such as public-private partnerships (e.g., build-operate-transfer models) could be employed during this process.

Restoring the railway network would not only support Syria's economic recovery but also strengthen Türkiye's logistical advantage in the region and expand its trade volume. Connecting key hubs like Aleppo, Latakia, and Qamishli to Türkiye could facilitate the re-establishment of regional value chains and increase cross-border economic activity.

In summary, the reconstruction of transportation infrastructure between Türkiye and Syria—especially at the border areas—could benefit from cooperative mechanisms involving local institutions on both sides. Utilizing sustainable financing models in port, railway, and highway projects would make these investments more viable. Such collaboration would help reinvigorate regional trade while further reinforcing Türkiye's strategic position as a logistics hub.

7- Banking

Since 2011, economic sanctions imposed by the European Union and the United States have largely isolated Syria's financial system, severely impacting the energy, transportation, and banking sectors. However, in recent times, steps have been taken to ease some of these sanctions with the aim of supporting Syria's economic recovery.

New decisions by the EU and the U.S. have introduced partial relaxations in trade and financial transactions for specific sectors, though the long-term effects of these measures remain uncertain. While the partial easing of sanctions presents an opportunity for economic revitalization, significant challenges still hinder Syria's reintegration into the international financial system and the restoration of investor confidence.

In 2011, the European Union (EU) imposed extensive economic sanctions on Syria, citing the regime's repression of civilians as the primary reason. These measures included trade restrictions targeting the oil, natural gas, and electricity sectors, as well as the freezing of the Syrian Central Bank's assets within the EU. (Council Regulation (EU) No 36/2012)[26]. The banking sector has also faced severe restrictions, with prominent business figures operating in Syria—as well as companies and financial institutions supporting the regime—being placed on sanctions lists. (Council Decision 2013/255/CFSP)[27].

On February 24, 2025, the European Union decided to suspend certain sanctions in an effort to support Syria's economic recovery. As part of this decision, several entities were removed from the sanctions list, including the Industrial Bank, People's Credit Bank, Savings Bank, Agricultural Cooperative Bank, and Syrian Arab Airlines. Restrictions on providing funds and economic resources to the Central Bank of Syria were eased, and sanctions on the oil, gas, electricity, and transportation sectors were suspended. Additionally, the EU introduced exemptions for transactions between Syrian banks and financial institutions in EU member states, allowing limited financial flows to facilitate humanitarian aid and reconstruction efforts. However, sanctions remain in place regarding arms trade, dual-use goods, internal security equipment, surveillance software, and the export of Syria's cultural heritage. EU officials have stated that sanctions may be reinstated if conditions in Syria deteriorate. (Council of the EU, 2025)[28].

In 2011, the United States enacted Executive Order 13582[29] which froze all assets belonging to the Syrian state and prohibited American companies from engaging in trade with Syria (Executive Order 13582, 2011). With the enactment of the Caesar Syria Civilian Protection Act (Caesar Act)[30] in 2019, U.S. sanctions were further expanded. The legislation extended penalties to include foreign banks and companies conducting business with Syria, significantly broadening the scope of entities subject to enforcement (Caesar Act, 2019)[29]. The law has significantly hindered Syria's economic recovery by targeting international transactions, particularly those related to banking, energy, and infrastructure investments.

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[26] Council of the European Union. (2012). Council Regulation (EU) No 36/2012 concerning restrictive measures in view of the situation in Syria and repealing Regulation (EU) No 442/2011. Official Journal of the European Union, L 16, 1-32. https://eur-lex.europa.eu/eli/reg/2012/36/oj/eng

[27] Council of the European Union. (2013). Council Decision 2013/255/CFSP concerning restrictive measures in view of the situation in Syria. Official Journal of the European Union, L 147, 14-45.

[28] Council Regulation (EU) 2025/407 of 24 February 2025. Official Journal of the European Union. https://eur-lex.europa.eu/eli/reg/2025/407/oj/eng

[29] Obama, B. (2011). Executive Order 13582 of August 17, 2011: Blocking Property of the Government of Syria and Prohibiting Certain Transactions With Respect to Syria. Federal Register, 76(162), 52209–52212. https://www.govinfo.gov/content/pkg/FR-2011-08-22/pdf/2011-21505.pdf

[30] U.S. Congress. (2019). Caesar Syria Civilian Protection Act of 2019. In National Defense Authorization Act for Fiscal Year 2020 (H.R. 2500).

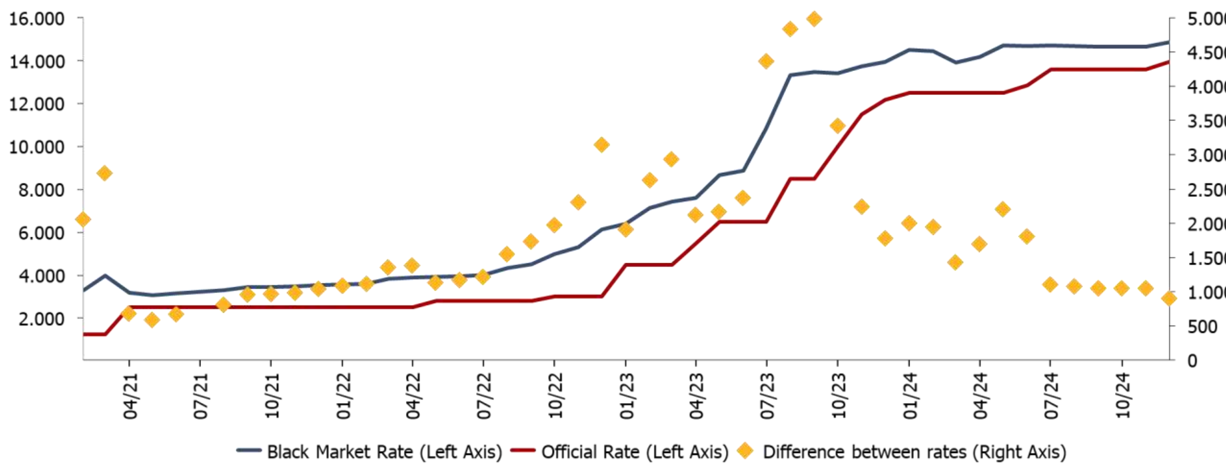
On January 6, 2025, the United States eased certain economic restrictions on Syria through General License 24 (GL24)[31]. Under this license, transactions related to energy supply, personal remittances, and dealings with specific state institutions were authorized (Executive Order 13894, 2019). Since bank loans, large-scale trade, and investment transactions are excluded from its scope, GL24 offers only short-term relief and remains insufficient for long-term economic recovery.

Due to international sanctions and restrictions on financial access in Syria, the population has largely turned to alternative payment methods such as the hawala system, Western Union, and PTT[32]**.** The collapse of the formal banking system has led people to rely on traditional and informal methods for money transfers. The "hawala" system, which operates through intermediaries who make payments in gold or cash, has become widespread. However, this system reduces financial transparency and increases the risk of corruption.

While the system serves as a practical means of trade for the public, it also raises international concerns about money laundering and illicit financing. As Syria becomes increasingly dependent on the hawala system due to exclusion from international financial integration caused by sanctions, a return to a formal banking framework becomes more difficult. This reliance hinders the country's reintegration into global financial markets, ultimately undermining long-term economic recovery and complicating the creation of a trustworthy investment environment.

Given Syria's post-conflict economy, ongoing challenges related to sanctions, instability in exchange rates, and difficulties in meeting debt obligations, the country already presents a number of inherent risks. As an economy largely excluded from the international financial system, Syria struggles to build investor confidence and faces significant barriers to attracting foreign capital. This situation weakens one of the key pillars of a stable investment environment—an effective financial intermediation system—and contributes to a heightened perception of risk among potential investors.

Figure 60- Official and black market dollar exchange rate, Syrian Pound, 2021- 2025.12



Source: Karam Shaar Consulting[33], TEPAV visualisation

[31] U.S. Department of the Treasury. (2025). General License No. 24: Authorizing Transactions with Governing Institutions in Syria and Certain Transactions Related to Energy and Personal Remittances.
[32] TEPAV & EBRD. (2019). Syrian Entrepreneurship and Refugee Start-ups in Türkiye: Leveraging the Turkish Experience for Countries Hosting Syrian Refugees.
[33] Shaar, K. (n.d.). About Us. Karam Shaar Consulting Ltd. Retrieved 7 March 2025, from https://www.karamshaar.com/about-us

To initiate economic recovery and revive trade, strengthening the region's financial infrastructure is essential. In this context, the presence of a Turkish bank operating in Syria would be a strategic move aimed at boosting investor confidence, regulating financial transactions, and encouraging a more conducive business environment. Türkiye's strong economic ties with the region, its robust banking system, and access to international markets could serve as a vital bridge for the Syrian business community. The entry of Turkish banks into the local market could help formalize trade, contribute to the reconstruction of the financial system, and enhance investor trust. As a result, local businesses may gain easier access to credit, foreign exchange transactions could become more stable, and the broader economic recovery process in the region would receive meaningful support.

8- Housing and Human Capital

According to the February 2025 report[34] Impact of the Conflict in Syria by the United Nations Development Programme (UNDP), the civil war in Syria has triggered one of the largest population displacements in the country's history. Over 6 million Syrians have fled abroad, making it one of the largest refugee crises in modern times. Approximately 5 million of these refugees are currently residing in neighboring countries: 2.88 million in Türkiye, 755,000 in Lebanon, 611,000 in Jordan, 304,000 in Iraq, and 148,000 in Egypt. Around 1 million Syrians have migrated to Europe, with 60% living in Germany, 10% in Sweden, and the rest spread across other European countries. The situation is also severe for internally displaced persons (IDPs) within Syria. An estimated 7.2 million people remain displaced inside the country—equivalent to roughly 1 to 2 million families. While some have stayed within their home provinces, many are unable to return to their homes due to destruction or ongoing occupation.

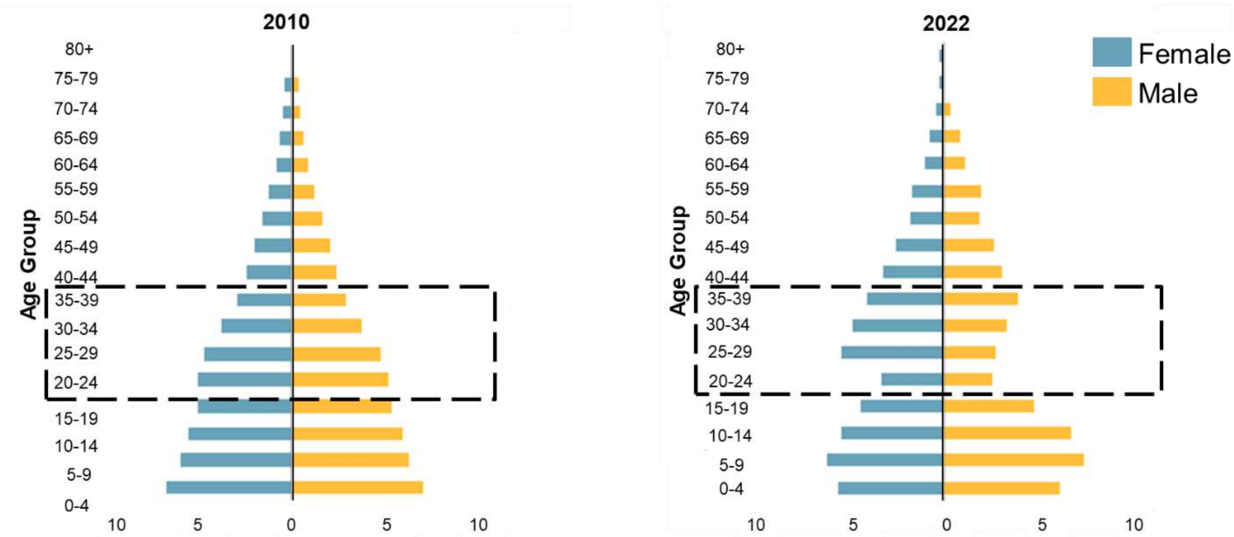
The human cost of the war has been extraordinarily high. Since the onset of the conflict, over 500,000 people have lost their lives. According to a 2024 UNHCR survey, only 2% of refugees expressed plans to return within the next year, 37% said they hoped to return within five years, and 57% held out hope for a return at some unspecified point in the future. However, following the regime change in December 2024, around 270,000 refugees had returned to Syria as of February 2025. New estimates suggest that up to one-quarter of Syrian refugees plan to return within the next 12 months.

According to World Bank calculations (2024)[35], the demographic damage caused by the war in Syria is clearly reflected in the comparison of population pyramids from 2010 and 2022. In 2010, the youth and working-age population represented the widest segment of the pyramid. By 2022, however, there was a significant contraction in this age group. A notable decline is observed in both male and female populations between the ages of 20 and 44, directly linked to war-related deaths, mass migration, and displacement. This demographic shift poses a serious challenge to Syria's economic recovery. The shortage of labor in key sectors such as industry, agriculture, and services will make reconstruction efforts significantly more difficult. The lack of sufficient human resources needed for implementing infrastructure projects, conducting rebuilding activities, and ensuring economic productivity presents a major barrier to development. The limited size of the working-age population will not only delay economic recovery but also cause disruptions in the delivery of essential public services.

[34] United Nations Development Programme (UNDP). (2025). The Impact of the Conflict in Syria: A Devastated Economy, Pervasive Poverty, and a Challenging Road Ahead to Social and Economic Recovery. UNDP Syria. Erişim adresi: https://www.undp.org/syria/publications/impact-conflict-syria

[35] World Bank. (2024). The welfare of Syrian households after a decade of conflict. International Bank for Reconstruction and Development.

Figure 61- Syria population pyramid, in millions, 2010-2022



Source: World Bank

According to the UNHCR's 2025 Flash Regional Survey on Syrian Refugees[36], an estimated 270,000 people had returned to Syria as of early 2025, and the number of returns is expected to increase over the next 12 months. However, the return movement is not limited to refugees alone—internally displaced persons (IDPs) have also begun returning to their cities and villages. Currently, the insufficient number of working-age individuals is limiting economic activity, while the widespread destruction of the country's housing stock due to the war is intensifying the shelter crisis. The lack of adequate housing for returning refugees and IDPs is expected to create severe accommodation shortages in cities where infrastructure remains heavily damaged. As returns accelerate ahead of large-scale reconstruction efforts, the pressure on limited shelter capacity will increase dramatically. This may lead to overcrowding in urban centers and the rapid expansion of temporary settlements, further straining already fragile local systems.

To support the reintegration of returning refugees and IDPs, it is essential to implement vocational training programs that enhance their professional skills. Türkiye, through institutions such as İŞKUR and its network of vocational training centers, can provide significant support in training a qualified workforce, particularly in the industrial and construction sectors. This cooperation could help bridge the regional labor gap and facilitate the integration of the returning population into the economic system. Vocational education programs jointly carried out by Türkiye and Syria would not only contribute to Syria's economic recovery but also offer a sustainable solution for managing the broader migration crisis.

Türkiye is also among the countries best positioned to address Syria's shelter crisis, thanks to its experience in large-scale housing projects. Following the Maraş earthquake, Türkiye rapidly established container cities and temporary housing areas. A similar approach could be applied in Syria to provide short-term shelter solutions for returning refugees, IDPs, and migrants through the rapid construction of container settlements. In the longer term, Turkish companies—supported by Türkiye's robust construction and contracting industry—could play a leading role in rebuilding Syria's devastated housing stock. Large-scale housing projects, especially when integrated with infrastructure

[36] UNHCR (2025). Flash Regional Survey on Syrian Refugees' Perceptions and Intentions on Return to Syria: Egypt, Iraq, Jordan, Lebanon

development plans, would not only meet housing needs but also create employment opportunities in the construction sector.

Existing research and literature addressing the investment climate, economic recovery, and infrastructure gaps in Syria highlight the key challenges facing the post-war reconstruction process. However, to gain a more comprehensive understanding of this process, it is essential to collect direct information from the field.

To this end, **focus group discussions** have been organized with businesspeople and investors currently operating in Syria, in order to identify the obstacles and opportunities they encounter. These on-the-ground meetings serve as a valuable source of data, helping to contextualize how widely recognized issues play out in practice and providing a grounded basis for the development of informed policy recommendations.

Annex 2- The Situation of Syrian Companies in Türkiye and Recommendations

The reasons behind Syrians establishing companies in Türkiye have been discussed within the context of the complex procedures surrounding work and residency permits for refugees. During the meetings, this issue was specifically highlighted as a barrier to trade.

The purposes behind Syrians establishing companies in Türkiye, along with the challenges they face or may encounter, are outlined below:

1- Companies engaged in commercial activities

a) Manufacturing Industry

Manufacturing companies from Syria, faced with instability, insecurity, lack of infrastructure, and an inadequate banking system due to the civil war, have aimed to continue production in Türkiye to preserve their existing markets and expand into new ones under the "Made in Türkiye" label.

However, if these shortcomings in Syria are addressed, a significant portion of the sector may shift production back to Syria, primarily due to lower labor costs.

b) Transit trade

Following the outbreak of the war, companies trading with Syria continued their operations through transit trade via Türkiye into the liberated areas.

However, the reactivation of the Port of Latakia has introduced risks to this model by increasing freight and customs costs, which could undermine the viability of transit trade through Türkiye. Additionally, the potential refunctioning of Syria’s banking system presents another uncertainty that could significantly reduce, or even end, this trade channel.

Furthermore, although companies currently engaged in transit trade through Türkiye to Syria are not directly affected by the PKK/YPG presence east of the Euphrates River, this situation may pose a risk in the future depending on how regional developments unfold.

c) Import-export

In the context of import and export, such companies operate in Türkiye to help meet the country’s demand for agricultural products and raw materials, while also supplying essential goods—particularly for the construction sector—to address Syria’s basic needs.

2- Companies established for the purpose of obtaining citizenship, work permits, and/or purchasing real estate and/or vehicles

a) Companies established for the purpose of purchasing real estate or vehicles

Some Syrians with financial means—though not engaged in commercial activities in Türkiye or with Turkish businesses—have established companies as a legal workaround to acquire property, due to restrictions on real estate ownership. By registering property under a company’s name, they were able to reside in Türkiye. While there are no legal barriers to vehicle ownership for foreigners, concerns about harassment due to “M” license plates issued for foreign-registered vehicles led many to establish companies in order to purchase vehicles with standard Turkish plates. The majority of these companies were dissolved once their owners acquired Turkish citizenship, often transferring the property and vehicles to themselves or selling them to others. With the end of the war in Syria, companies founded for these non-commercial purposes are also expected to close down rapidly.

b) Companies established for the purpose of obtaining a work permit

A significant number of Syrians who fled the war and sought refuge in Türkiye established companies not for commercial activity, but as a means to obtain work permits and, eventually, exceptional Turkish citizenship. Within this context, a group emerged consisting of individuals who maintained inactive companies—renewing their work permits regularly—and later acquired citizenship. The vast majority of these companies were either transferred to other individuals or dissolved after their owners obtained citizenship. With the end of the war in Syria, companies founded for this purpose are also expected to close down rapidly.

Work permit issues

All foreign companies expressed concerns that there are certain injustices in how Turkish authorities assess work permit applications. It was noted that even businesspeople who genuinely intend to invest and establish operations in Türkiye are sometimes denied work permits, preventing them from starting their activities.

For example;

About three years ago, Swedish investors seeking to establish a fertilizer production business rented a facility, formed a company, and imported machinery. However, their work permit applications were rejected by the Ministry of Labor on the grounds that the company was not yet operational.

The company had applied to the municipality for a "Business Opening and Operating License," but this was denied because foreign partners were not yet in possession of work permits. As a result, the rented premises were sealed. The business partners then tried to pivot to a trading company, but without work permits, they were unable to proceed and ultimately had to shut down the business and leave Türkiye.

A similar incident occurred with a Qatari investor who purchased a hotel worth approximately 40 million Turkish lira in Mersin-Erdemli with plans to operate it. Despite the potential to employ 30–40 people, the investor was unable to obtain a work permit. Without the permit, the municipality also refused to issue the required business license, forcing the investment to be put on hold.

To date, none of the appeals filed in these cases have yielded positive results. The updated 2025 work permit assessment criteria are still seen as failing to support investment. For example, a foreign investor may come to Türkiye, establish a company, and invest capital, yet still have no way of knowing in advance whether a work permit will be approved. Therefore, it would be more effective to revise the work permit application and evaluation process—especially for company partners—by bundling the work permit with the company registration process and evaluating renewals based on the company's operational status. This would offer a more investment-friendly and predictable framework.

MEETING NOTES FROM THE MERSIN CHAMBER OF COMMERCE AND INDUSTRY (MTSO) ON 20/02/2025

Other issues and suggestions raised by Syrian company partners:

Facilitating Cross-Border Movement: There is a need to ease entry and exit procedures to and from Syria, allowing Syrian businesspeople to explore and capitalize on economic opportunities within Syria.

Customs Consistency at Turkish Border Gates: Arbitrary practices occasionally observed at Turkish customs checkpoints should be eliminated. In particular, inconsistencies in document requirements for different businesspeople create uncertainty and should be standardized to ensure fairness and transparency in commercial operations.

Internal Travel Restrictions for Businesspeople under Temporary Protection: Syrian entrepreneurs under temporary protection in Türkiye currently need permission to travel between provinces. This severely hampers business activities, as they are unable to travel to neighboring provinces for meetings without prior authorization, disrupting business operations and hindering trade.

Delays in Work Permit Approvals: Businesses operating in Türkiye face long wait times when applying for work permits for Syrian employees. Due to these delays, employers are unable to complete social security registrations in a timely manner. This forces employers either to cancel hiring or to employ workers informally until permits are approved—leading to tax losses, potential penalties, and vulnerability for both parties.

Proposal for Joint Free Zones: Establishing joint free trade zones between Türkiye and Syria would be a strategic move to revitalize trade and expand investment opportunities.

Revitalizing Industrial Zones in Syria: Rebuilding Syria's industrial zones—especially in terms of infrastructure and financial systems—by leveraging Türkiye's experience, would be a key step toward sustainable economic development and regional trade integration.

Annex 3- Survey on Conditions of Doing Business in Syria

IDENTIFICATION (SURVEY WILL BE CONDUCTED WITH THE COMPANY OWNER)	
1	**CONTACTED COMPANY NAME:.....**
2	**INTERVIEWEE'S NAME AND SURNAME:...**
3	**PHONE NUMBER OF THE INTERVIEWEE: ....**
4	**ADDRESS OF THE COMPANY CONTACTED:...**
5	**NAME AND SURNAME OF THE INTERVIEWER:....**

A - CONTROL INFORMATION (Company owner)

A1. Survey date .../.../...

A2. Survey Time 1.[...] (Hour/Minute)

A3. Location:...... (Province/District)

A4. Company type

1.[...] Manufacturing (C)
2.[...] Services (S)
3.[...] Trade (G)

A5. Age of the respondent:.....

A6. Gender of the respondent
1.[...] Male 2.[...] Female

A7. Do you have Turkish citizenship?
1.[...] Yes
2.[...] No

A8. How did you acquire Turkish citizenship? (To be asked to those who answered "Yes" to A7)
1.[...] By getting married
2.[...] By living in Türkiye for 5 years
3.[...] By buying property and not selling it for 3 years
4.[...] with $3 million in bank deposits (or bond value) that have not been withdrawn (or diversified) for 3 years
5.[...] By providing jobs for 100 local people
6.[...] Other (please specify):..................

A9. Do you speak Turkish?
1.[...] Yes 2.[...] No

A10. What is your level of education?
1.[...] I did not complete any schooling.
2.[...] Below high school
3.[...] High school
4.[...] University and above

The questions to be included in the survey by sector are indicated in parentheses. Manufacturing (C) Services (S) Trade (G)

P - HISTORY

(C, S, G) P1. When did you come to Türkiye? ,,,, (Year)

(C,S,G) P2. Where did you live in Syria?:.... (Province)

(C,S,G) P3. Did you have a business in Syria before?
1.[...] Yes
2.[...] No

(C,S,G) P4. Does the entity still have a legal identity in Syria? (To be asked to those who answered "Yes" to P3)
1.[...] Yes
2.[...] No

(C,S,G) P5. Is this business still operating in Syria? (To be asked to those who answered "Yes" to P4)
1.[...] Yes
2.[...] No

(C,S,G) P6. Where was the business in Syria? (To be asked to those who answered "Yes" to P3) .... (Province)

(C,S,G) P7. Were you operating in the same sector in Syria as you are currently operating in Türkiye?
1.[...] Yes
2.[...] No

(C,S,G) P8. In which sector was your business operating in Syria, please explain? (To be asked to those who answered "No" to P7) ....(Sector)

(C, G) P9. Were you exporting in your company in Syria? (To be asked to those who answered "Yes" to P3) This question may be meaningless if the answers to C8 and C9 are in sectors that cannot be exported such as services. We ask this question to enterprises from all sectors since we ask which sectors the company in Syria operates in during the survey and we know that the interviewer cannot guess whether the company in Syria exports or not from the answer given).
1.[...] Yes
2.[...] No

(C, G) P10. Which countries did your company in Syria export to the most? Can you indicate them in order of importance?

1.[...]
2.[...]
3.[...]

4.[...]
5.[...]

B - GENERAL INFORMATION

(C, S, G) B1. In which year did your business start operating in Türkiye?

1.[...] (YEAR)

2.[...] I don't know (DO NOT READ)

(C, S, G) B2. Does your business have partners of Turkish origin?

1.[...] Yes

2.[...] No

(C, S, G) B3. What was the total annual sales of your business in 2024?

1.[...] 0 - 5 Million TL
2.[...] 5 - 10 Million TL
3.[...] 10 - 100 Million TL
4.[...] 100 - 500 Million TL
5.[...] 500 Million TL and above

(C, S, G) B4. How many full-time employees do you have by the end of 2024? Please indicate their number by place of original birth.
1.[...] (Türkiye)
2.[...] (Syria)
3.[...] (Other) [...] (COUNTRY)

(C, S, G) B5. Have any of your Syrian employees returned to Syria?
1.[...] Yes
2.[...] No

(C, S, G) B6. What percentage of your Syrian employees have returned to Syria? (To be asked to those who answered "Yes" to B5):.........(%)

(C, S, G) B7. What percentage of your Syrian employees plan to return to Syria?
1.[...] (%)   2.[...] I don't know (not to be read)

(C, S, G) B8. Does your business make domestic sales, exports or imports? (More than one option can be marked.)
1.[...] Domestic sales
2.[...] Export (If unchecked, it will go to the Expectations section)
3.[...] Import

(C, G) B9. Please indicate the first five countries to which you export in order of importance. (To be asked to those who answered "Export" to B8)
1. [...]
2. [...]

3. [...]
4. [...]
5. [...]

(C, G) B10. Has your enterprise received any incentives from national, regional or local governments or international sources in the last three years? (To be asked to those who answered "Export" to B8)
1.[...] Yes
2.[...] No

(C, G) B11. Which incentives did your enterprise benefit from? (More than one answer) (To be asked to those who answered "Yes" to B10)
1.[...] Investment incentive certificate
2.[...] KOSGEB exporter support program
3.[...] EXIM Bank loans
4.[...] Other [...]

(C, G) B12.
What is the main reason your business has not received any incentives? (To be asked to those who answered "No" to B10)

1.[...]Language barrier (announcements and documents in Turkish, etc.)
2.[...]The enterprise does not meet the support criteria
3.[...]Lack of information
4.[...]Bureaucratic procedures
5.[...] Not necessary
6.[...] More:.........

To be asked to those who export to Syria (To be asked to those who answered "Syria" to B9)

(C, G) B13. In which year did you start exporting to Syria? (To be asked to those who answered "Syria" to B9)

1. [...] (Year)

(C, G) B14. Since you started exporting to Syria, have there been periods when you stopped exporting for more than two years? (To be asked to those who answered "Syria" to B9) (To be asked to those who answered "Syria" to B13)
1.[...] Yes
2.[...] No

(C, G) B15. Through which channel do you receive payments for your exports to Syria? (More than one option can be selected) (To be asked to those who answered "Syria" to B9)
1.[...] Prepaid card
2.[...] Through bank, wire transfer/EFT
3.[...] Promissory Note
4.[...] Western Union
5.[...] Paypal
6.[...] Hawala system
7.[...] Hand in bag
8.[...] Other (Specify):......

(C, G) B16. In which currency are payments made in your exports to Syria? (Multiple choice, more than one can be selected) (To be asked to those who answered "Syria" to B9)
1.[...] USD
2.[...] EURO
3.[...] TRY
4.[...] SYP
5.[...] Other [...]
(C, G) B17. By which means of transportation do you export to Syria? (More than one option can be marked.) (To be asked to those who answered "Syria" to B9)
1.[...] Highway
2.[...] Seaway
3.[...] Railroad

(C, G) B18. Through which customs gates do you export to Syria? (To be asked to those who answered "Syria" to B9):....................

(C, G) B19. Do you have political/bureaucratic connections on the Syrian side? (To be asked to those who answered "Syria" to B9)
1.[...] Yes
2.[...] No

(C, G) B20. Do you think Syrian organizations (NGOs) contributed to your exports to Syria? (To be asked to those who answered "Syria" to B9)
1.[...] Yes
2.[...] No

(C, G) B21. In what ways did this solidarity contribute to the export process? (To be asked to those who answered "Yes" to B20) (more than once)
1.[...] Market knowledge / finding customers
2.[...] Translation / language support
3.[...] Logistics consultancy
4.[...] Governmental and legal procedure support
5.[...] Other (specify):......

(C, G) B22. What are the main problems you face in your exports to Syria? (To be asked to those who answered "Syria" to B9)

Problem Category	1 (I have no problems)	2 (I have very few problems)	3 (I have moderate problems)	4 (I have serious problems)	5 (I have very big problems, it affects my exports negatively)
Bureaucratic uncertainties (changes in legislation, sanctions, etc.)	[ ]	[ ]	[ ]	[ ]	[ ]
Waiting time at customs on the Turkish side	[ ]	[ ]	[ ]	[ ]	[ ]
Waiting time at customs on the Syrian side	[ ]	[ ]	[ ]	[ ]	[ ]
High transportation costs	[ ]	[ ]	[ ]	[ ]	[ ]
Security concerns (roads, border crossings, etc.)	[ ]	[ ]	[ ]	[ ]	[ ]
Inadequacies of the transportation company / intermediary institution	[ ]	[ ]	[ ]	[ ]	[ ]
Infrastructure (road quality, port capacity, etc.) deficiencies	[ ]	[ ]	[ ]	[ ]	[ ]
Exchange rate uncertainties	[ ]	[ ]	[ ]	[ ]	[ ]
Problems with payments	[ ]	[ ]	[ ]	[ ]	[ ]

Please indicate if there is any other issue you would like to add [...]

To be asked to those who export to Iraq (To be asked to those who answered "Iraq" to B9)

(C, G) B23. In which year did you start exporting to Iraq? (To be asked to those who answered "Iraq" in B9)

1.[...] [YEAR]

(C, G) B24. Since you started exporting to Iraq, have there been periods when you stopped exporting for more than two years? (To be asked to those who answered "Iraq" in B9) (To be asked to those who answered "Iraq" in B23)

1.[...] Yes
2.[...] No

(C, G) B25. Through which channel do you receive payments for your exports to Iraq? (More than one option can be selected) (To be asked to those who answered "Iraq" in B9)

1.[...] Prepaid card
2.[...] Through bank, wire transfer/EFT
3.[...] Promissory Note

4.[...] Western Union
5.[...] Paypal
6.[...] Hawala system
7.[...] Hand in bag
8.[...] Other (Specify):.....

(C, G) B26. In which currency are payments made in your exports to Iraq? (Multiple choice, more than one can be selected) (To be asked to those who answered "Iraq" in B9)
1.[...] USD
2.[...] EURO
3.[...] TRY
4.[...] IQD
5.[...] Other [...]

(C, G) B27. By which means of transportation do you export to Iraq? (More than one option can be marked.) (To be asked to those who answered "Iraq" in B9)
1.[...] Highway
2.[...] Seaway
3.[...] Railroad

(C, G) B28. Through which customs gates do you realize your exports to Iraq? (To be asked to those who answered "Iraq" in B9)?...............

(C, G) B29. Do you have political/bureaucratic connections on the Iraqi side?
1.[...] Yes
2.[...] No

(C, G) B30. What are the main problems you experience in your exports to Iraq? (on a scale of 1-5)

Problem Category	**1 (I have no problems)**	**2 (I have very few problems)**	**3 (I have moderate problems)**	**4 (I have serious problems)**	**5 (I have very big problems, it affects my exports negatively)**
Bureaucratic uncertainties (changes in legislation, sanctions, etc.)	[ ]	[ ]	[ ]	[ ]	[ ]
Waiting time at customs on the Turkish side	[ ]	[ ]	[ ]	[ ]	[ ]
Waiting time at customs on the Iraqi side	[ ]	[ ]	[ ]	[ ]	[ ]
High transportation costs	[ ]	[ ]	[ ]	[ ]	[ ]

Problem Category	**1 (I have no problems)**	**2 (I have very few problems)**	**3 (I have moderate problems)**	**4 (I have serious problems)**	**5 (I have very big problems, it affects my exports negatively)**
Security concerns (roads, border crossings, etc.)	[ ]	[ ]	[ ]	[ ]	[ ]
Inefficiencies of transportation company / intermediary institution	[ ]	[ ]	[ ]	[ ]	[ ]
Infrastructure (road quality, port capacity, etc.) deficiencies	[ ]	[ ]	[ ]	[ ]	[ ]
Exchange rate uncertainties	[ ]	[ ]	[ ]	[ ]	[ ]
Problems with payments	[ ]	[ ]	[ ]	[ ]	[ ]

Please indicate if there is any other issue you would like to add [...]

C - EXPECTATIONS

(C, S, G) C1. Do you plan to open a business in Syria?
1.[...] Yes
2.[...] No

(C, S, G) C2. Why do you want to open a business in Syria? (More than one option can be marked.) (To be asked to those who answered "Yes" to C1)

1.[...] Cheap labor
2.[...] Unsaturated Market
3.[...] Competition is lower
4.[...] The conditions for doing business in Türkiye have become more difficult (taxes, rent, permits, etc.).
5.[...] Administrative challenges and public perception
6.[...] Other (please specify):......

(C, S, G) C3. Will you terminate your business in Türkiye when you open a business in Syria? (To be asked to those who answered "Yes" to C1)

1.[...] Yes
2.[...] No

(C, S, G) C4. What support do you need to start a business in Syria?

1.[...] Machine handling support

2.[...] Financing support
3.[...] Vocational training
4.[...] A secure area with completed infrastructure
5.[...] Turkish Bank
6.[...] Other [...]

(C, S, G) C5. Will the business you will open in Syria be in the same sector as your business in Türkiye? (To be asked to those who answered "Yes" to C1)
1.[...] Yes
2.[...] No

(C, S, G) C6. In which sector will the business you will open in Syria operate (To be asked to those who answered "No" to C5) 1. [...] Sector

(C, S, G) C7. What kind of services do you expect from the chambers of commerce and industry for opening a business in Syria? (More than one option can be marked)

1.[...] Matchmaking programs with domestic and foreign investors
2.[...] Matchmaking programs for Syrian and Turkish companies
3.[...] Vocational training/certificate programs
4.[...] Establishment of a communication office in Syria
5.[...] Arabic language support
6.[...] Other (specify):.....

(C, S, G) C8. Rate from 1 to 5 the factors that you think would prevent you from doing business in Syria.

Factor	**1 (No impediment)**	**2 (Creates very few barriers)**	**3 (Moderate barrier)**	**4 (poses a serious obstacle)**	**5 (It completely hinders me, it is not possible for me to do business)**
Electricity	[ ]	[ ]	[ ]	[ ]	[ ]
Internet	[ ]	[ ]	[ ]	[ ]	[ ]
Water	[ ]	[ ]	[ ]	[ ]	[ ]
Security	[ ]	[ ]	[ ]	[ ]	[ ]
Qualified employee	[ ]	[ ]	[ ]	[ ]	[ ]
Transportation	[ ]	[ ]	[ ]	[ ]	[ ]
Banking	[ ]	[ ]	[ ]	[ ]	[ ]
Exchange rate volatility	[ ]	[ ]	[ ]	[ ]	[ ]
Legal safeguards and lack of reform	[ ]	[ ]	[ ]	[ ]	[ ]