

# SYRIA

## *The Economic Scene*

Reports on the economic condition across Syria



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Syrian Economic Task Force

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## Foreword

Economy is not only the stimulant of history, but it is also the foundation upon which all successful realistic strategic policies are built. Any national decision that ignores a main driver of the turbines of reality and history is a wrong one, and the maker of that decision will soon realize that success of any policy, or seeking a way out of a pivotal national predicament, is realized by not overlooking the living reality, especially the economic side of it. Hence, the economists bear, in the time of calamities and disasters, a mission whose impact is no less than that of the politicians, military, relief and medical personnel. The need for economic diagnosis is definitely a national need.

There is no doubt that the long nightmare that Syria experiences will come to an end one day, and we ask God Almighty to hasten the arrival of that historic day. But until that day comes, some party must undertake the task of describing the real Syrian economic condition of the Syrian districts and sub-districts without sugarcoating, in an objective and professional way. Therefore, Syrian Economic Task Force, with its patriotic economic experts, continues to addresses the economic vacancy, as was its habit since its writing of the Economic Discourse of the Syrian Revolution two months after its eruption, and consequently representing the Syrian side in all international conferences of the Group of Friends of the Syrian People seeking the reconstruction of Syria (Abu Dhabi, Berlin, Dubai, South Korea, ..).

Like it did before, when it provided the Syrian people and the decision makers with thirteen detailed economic reports on most sectors of the Syrian economy from a total, comprehensive and horizontal perspective, including the emergency plans for immediately after the crisis (first 6 months), medium-term plans (over 2 years), and long-term plans (over 5 years); today again, Syrian Economic Task Force is performing its national professional duty, and putting in the hands of decision makers what helps them make the decisions that will pull the Syrian people out of their historic predicament.

*Osama Kadi, PhD  
President of Syrian Economic Task Force*

### **Word of Thanks**

We cannot help, while we present the Syrian people with these studies, but thank one of the distinguished patriotic businessmen, and there are many, that is our brother and friend, Mr. Ayman Kassab Bashi, who spared no effort in supporting the Syrian issue, especially in its economic awareness side, through his support to the activities of Syrian Economic Task Force, believing in the importance of the realistic and futuristic prospective economic vision to the Syrian issue.

### **Research Methodology**

In our research, we use the mechanisms of Microeconomics and Mesoeconomics exploring, through the research, the political and military situation and their direct effect on the city's economy or the factors that affect its local economy apart from the other districts or sub-districts that follow it administratively, since the effects of these factors differ from the other towns and cities according to the geographic and demographic location. In our research, we include the impacts of political and military factors and developments in Idlib Governorate and Syria in general, and in each sector separately.

Furthermore, our research, we depend on field survey to detect price changes, economic situation of the population, and the effect of quarterly and agricultural seasons.

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## Introduction

Al-Dana sub-district is administratively under the Harem District of the Idlib Governorate. It is followed by a number of towns and villages (Turmanin- Tall 'Aadah – Sarmada – Atmeh – Kah – Aaqrabate – Tall Al-Karamah), its importance has increased after liberation from the Assad's forces in the summer of 2012. Its villages and even mountains have been filled with IDP camps for those escaping the bombing of the regime's forces and coming from all over Syria. This have weakened the administrative centralization of Al-Dana Subdivision and led to establishment of population centers in the surrounding camps and villages (Atmeh, Kah and Aaqrabate), and the emergence of major commercial centers such as Sarmada which has become a major commercial center for wholesale and automotive trades that may be the most prominent in Syria today. Which is why we were led to study Sarmada in an independent research due to its commercial importance nowadays.



## The Economic Condition

### 1. Income Sources

We can classify the population's income sources as follows:

#### a. Income Sources in the Private Sector

- **Agriculture:** The production of agricultural land, such as harvests, rents and guarantees, constitutes an income source to a great portion of the population of Al-Dana, including farm workers, which is a work-by-the-day, performed by a number of men, women, and sometimes children. The daily-worker's wage is SYP 500.
- **Manufacture:** A source of income to the factories and workshop owners, or the craftsmen and workers that work there. Workers' wages here are mostly weekly.
- This sector also includes construction workers, but the method of wage calculation in construction is different, it is usually daily or per commitment like farm workers. The daily-worker's wage ranges from SYP 1,000 to 1,500, while the weekly worker's wage ranges from SYP 3,000 to 10,000.
- **Trade:** A source of income for merchants and shop owners as well as workers and employees who work in sales, carriage and storage. Most of their wages are weekly or commissions. The weekly wage of traders range from SYP 3,000 to 10,000.
- **Services:** Includes:
  - Private water wells: Provide a source of income for their owners and the water transport workers.
  - Power Generators: Provide a source of income for their owners, which includes sales of generators and wages of workers and technicians.
  - Communication networks: Secure an income for their owners, investors and workers in that sector, and includes: Sales of wireless internet service, sales of units, or phone bill payment on the two networks.
  - Fuel oil, firewood and gasoline sector.
  - Money and currency exchange sector.



- Permits and official documents facilitation offices: It became popular in Al-Dana, and it secures a good income to its workers due to the lack of places such as registration offices and so on, to issue official documents, passports and car registration documents, in the liberated areas.
- It is noteworthy that Al-Dana city lacks touristic services, such as hotels. So, for travelers, it is being substituted by centers of civil society organizations and armed factions or nearby camps.

## B. Income Sources in the Public Sector

- Salaries of government employees that were not cut due to the employee's security status, in addition to the salaries of the retired. Salaries here range between SYP 10,000 – 50,000. It is noteworthy that the number of employees whose salaries were cut in the city of Al-Dana is small; many employees still receive their salaries from the regime's institutions, such as the employees of Al-Dana dispensary.
- Salaries of employees and workers of local entities and civil society organizations (municipal council – relief, medical or charity organizations – Islamic Legal body ... etc.), and the salaries in this section range between \$100 – \$1,000.
- Salaries of employees in entities that follow or receive salaries from the Syrian Interim Government (Civil defense – Cleaning – Services), and their salaries range between \$100 – \$800.
- Salaries or grants to units of FSA and militant factions, which range between \$75 – \$150 – \$300.
- Transit of passengers, auto transport and trucks to Turkey, including what is known as Sailors (Chandler Drivers) or smugglers. Al-Dana is known for having a large fleet of trucks and freezers for external transport, most of it is currently non-operational.
- Tangible subsidies from all sides, and it secures about 25% of the population needs, or saves around 25% of their expenses.

## 2. Production Volumes:

- Agriculture:** The agricultural seasons this year are considered of the worst in many years, especially to the two most important crops, wheat and olive. Let alone the shortage of agricultural land in Al-Dana city in the first place, since most of its land is rocky, known as Al-Qaraj, and lacks groundwater.
- Manufacture:** Al-Dana has no factories in the real sense, and it used to depend on the factories of Aleppo before the revolution. There are some workshops or small factories that were moved from Aleppo to Al-Dana, such as detergent factories – Sewing workshops – Iron-manufacturing workshops – Repair shops – Wood factories. Al-Dana has industrial facilities based on agricultural products such as olive mills and the like, and it operates by working on behalf of others. The most important new industries during the revolution are oil refineries and fuel filtration facilities. In the surroundings of Al-Dana, more than 10 oil refineries were established, let alone refined fuel-oil filtration stations. But most of these facilities receive their revenues by working on behalf of others, so it's difficult to include the production volume. Recently, a number of big factories were opened by investors from Aleppo and Damascus, such as a carpet and plastic-mat factory under construction, a concrete-batching plant, and sponge factories
- Trade:** The European used-car trade has flourished in Al-Dana for 2 years, but is cur-



rently in regression for 2 reasons, the Turkish authorities suspending car-carriers import via Bab Al-Hawa border crossing, and the dominance of the neighboring Sarmada Town on that kind of car trade. The monthly sales of car dealers in Al-Dana city had reached \$4 million, but has now gone down to \$500,000 or less.

Cement and building-iron trade: Constitutes quite a bit of the trade volume as well. Its revenues go up to \$5 million or more per month.

Food trade: Sales volume reaches \$2 million per day.

Al-Dana is known for cross-border transportation trucks equipped with vegetable and fruit freezers, most are currently non-operational due to the Turkish authorities not allowing the entrance of Syrian trucks to Turkish land, and the riskiness of roads between governorates, which has negatively affected the most important income source the people of Al-Dana were famous for. Al-Dana has a commercial market (Bazaar) that takes place every Monday where goods are displayed weekly, which makes the city's markets and alleys filled with sellers and shoppers.

Construction and real estate trade has flourished in Al-Dana during the revolution. Wherever you go in Al-Dana, you see single and multiple-floor construction projects. The price or cost for square meter of ready construction (without finishing) ranges from SYP 10,000 to 20,000, while the price per square meter of construction lands reaches SYP 30,000 and above.

Most of the construction materials are brought from the quarries of the neighboring town of Hazra.

As for tile-manufacturing materials, they are brought from Khan Al-Subul depending on the safety of the road.

- d. **Services:** It is difficult to find information in numbers about the volume of service production, due to the diversity of service providers.





### 3. Estimation of income levels:

The living standard of the people of Al-Dana and its residents is considered from relatively average to good compared to the rest of the Syrian people, but not compared to other countries, or specifically Turkey, the neighboring country that currently receives millions of Syrians.

It is difficult to estimate the average income per capita in Al-Dana this year specially, because of the difficulty to calculate the total income and the change in the number of residents. However, in any case, it ranges between \$3,500 – 5,500 this year, according to estimations and numbers that we were able to obtain. Taking into consideration the absence of many services, the decrease in value of some goods, the decline in the value of the Syrian currency, and the great change in the number of population of this part of Syria.

### 4. Basic commodities:

All basic commodities are available in Al-Dana, whether from a Syrian or a Turkish source. However, gas is not available, as well as the government subsidized gasoline as of recently.

### 5. Basic Services:

- a. **Power:** Sarmin-Hazano 40MW line feeds Al-Dana city originally, but the voltage is no longer sufficient for Al-Dana city, which has led the people to depend on private generators. The ampere costs SYP 600 a week, during which it works for 10 hours a day.
- b. **Water:** Water used to be pumped to Al-Dana city twice a week before the revolution. Now it is no longer pumped on the main network at all. The price for a water tank that contains 6 cubic meters is SYP 1200 including transportation and pumping fees.
- c. **Telecommunications:** Syrian land and mobile communications have stopped in Al-Dana for a year, then it was restarted locally for the division without connecting to the other divisions, some mobile coverage towers for MTN and Syriatel were restarted too. In addition, some wireless internet networks with a satellite or a Turkish origin are operating as an alternative to the lost communications and internet.



**d. Health:** In Al-Dana there are some hospitals and health centers:

- Al-Dana Hopsital
- Jawad Hopsital
- Al-Wafaa' Complex for Obstetrics and Gynecology: Supported by the Islamic Sham Organization. It includes women and children's clinics.
- Ibn Al-Walid Center: A collection of clinics (Interior – Neurological – Psychiatric – Cardiac – Orthopedic).
- Blood Bank: supported by the White Hands Organization.
- Al-Dana Polyclinic. (Employees of the health department of the regime, such as nursing and administrative staff, are still working and getting their salaries from the regime).

## 6. Infrastructure:

- Power grid: is sound with no feed from Sarmin Hazano line as stated. The grid is periodically maintained by electrical workshops that are originally existent and supervised by the municipal council, and with a team that features 30 employees including engineers, technicians and workers.
- Water grid: Drinking water is available and sound, but it suffers from continuous outage as mentioned before.
- Sewage Network: Existent and functioning. The municipal council carries out its maintenance and repairs.
- Roads Network: Roads were not subjected to maintenance or repairs for three years.

## 7. Living Standards:

- The living standard of the people of Al-Dana is considered average to good compared to the rest of the liberated cities. Since the people of the city take advantage of the geographically-close location to the Turkish borders, but it is still low with respect to the size of the city and its population.
- The real-estate area of Al-Dana reaches 900 hectare within the organizational plan, and 300 agricultural and forester hectare.
- The monthly house rent range between SYP 10,000 and 25,000.
- As for the shops in the main market, it is between SYP 25,000 and 100,000, and in the outskirts of the city, it is estimated to be between SYP 5,000 and 15,000.
- In the city of Al-Dana, there are three bakeries, the largest of which is called the "atom" or "reserve" bakery which is a public bakery. The other bakeries are private ones, the bakery bakes daily 12 tons of flour provided by the regime

## 8. The impact of inflation on the population's life:

The impact of inflation is evident in Al-Dana after that the Syrian pound has declined in value in the last three years to a quarter of its value before the revolution. This leads the citizen to quickly feel the impact of inflation in cities close to the borders such as Al-Dana. That closeness is in itself one of the factors leading to inflation, since most goods there are sold in dollars including some of the food products, which increased the impact of inflation on the sector that receives its salaries in Syrian Pound.

## 9. Prices of food\*:

Item	Unit	Price (SYP)
Bread (Regime subsidized)	1 kg	28
Bread (Private Bakeries)	1 Pack	50
Olive Oil	16 kg	11000
Olive	1 kg	150-200
Sugar	1 kg	125
Powdered Milk - Nido	900 g	1700
Baby Formula - Naan	1 can	1350
Lamb	1 kg	1200
Beef	1 kg	1000
Ground Lamb	1 kg	1400
Frozen Chicken	1 Chicken	250
Whole Chicken	1 Piece	400
Thyme	1 kg	250-500
Cow Milk	1 L	100
Cow Milk Yogurt	1 L	150
Cow Milk Cheese	1 kg	550
Sheep Cheese	1 kg	750
Sheep Milk Yogurt	1 L	400
Tea (al Karaza)	1 kg	1450
Tea (Layalina)	1 kg	1200
Ghee (cow)	1 kg	1000
Ghee (sheep)	1 kg	1800
Corn	1 kg	200
Italian Rice	1 kg	225
Lentil	1 kg	125
Ground Lentil	1 kg	250
Cumin	1 kg	500
Flour	1 kg	80
Tomato Past	1 kg	400
Tomato	1 kg	150



Apple	1 kg	150
Banana	1 kg	200
Mandarin Orange	1 kg	75
Tahima	1 kg	700
Halva	1 kg	500
Eggs (Syrian)	30	550
Eggs (Turkish)	30	425

\*Relief products are available in the market at low prices. Its source is mostly the surplus from the huge nearby camps. For example, we found rice at SYP40/kg and sunflower oil at SYP60/L in the market.

## 10. Prices of fuel, metals, and construction materials:

Item	Unit	Price (SYP)
Diesel Fuel	1 L	100
Gasolin	1 L	250
Propane	canister	5500
Gold (18k)	1 g	5660
Gold (21k)	1 g	6800
Gold	ounce	US \$1175
Cement	50 kg	1000
Twisted Iron	1 ton	\$590

## 11. Price evolution throughout 2014, and its causes:

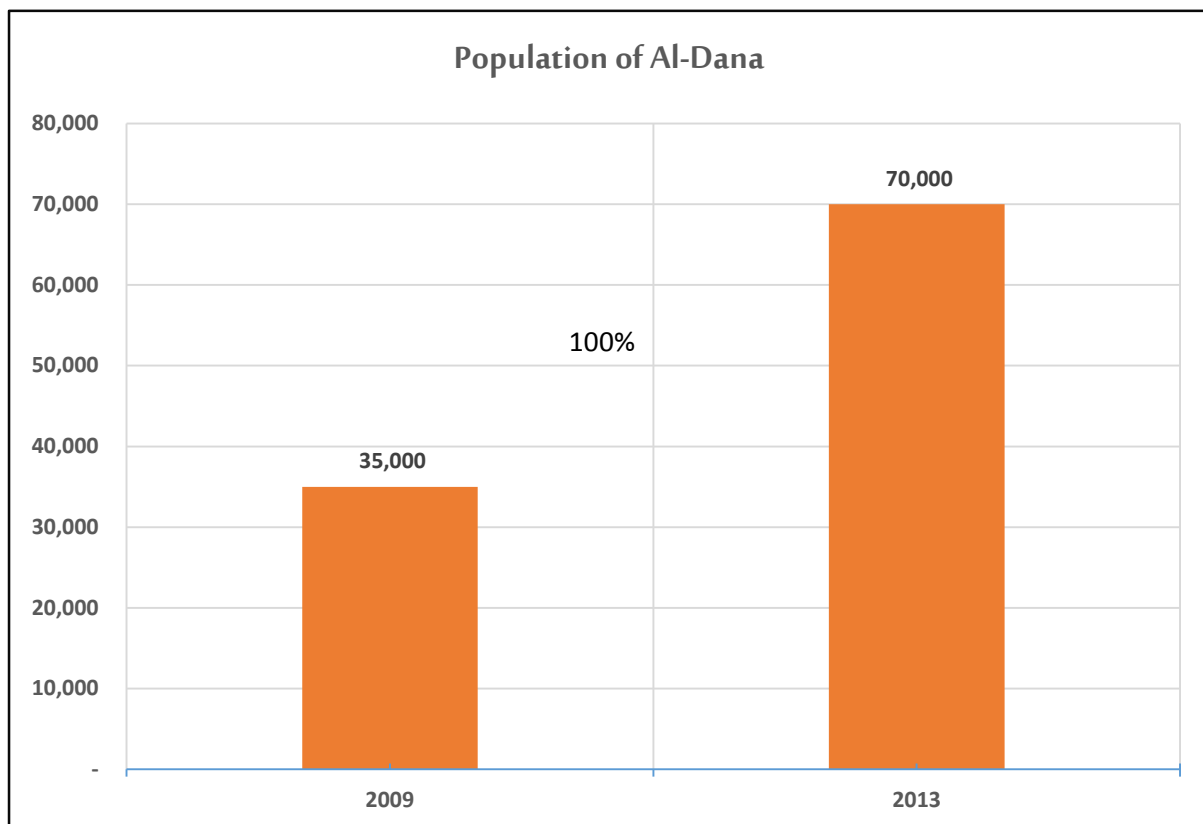
Prices have risen in the city of Al-Dana since the beginning of 2014 until now, November 2014, by 10 – 20%, and that is due to some factors:

- Since the beginning of 2013, the city has been under the rule of the Islamic State until the beginning of this year, during which it was one of its most important strongholds and prisons, which has deprived it of a lot of resources and visitors. However, in the first month of this year, it experienced a few days that were like a blockade due to the battles that the IS has undergone until its fallback from it. Al-Dana has also experienced a relative economic prosperity due to the IS pumping a large amount of foreign currency.
- Return of the complete openness after the IS fallback, which caused the people of Al-Dana to return to it and move the wheels of economy as well as the return of the transportation network and investments which have impacted the prices for resources and rents
- Paucity of the agricultural season this year especially wheat and olive, which increased the prices all over Syria.
- Al-Dana receiving a number of waves of displaced citizens, whether from the districts of the liberated Aleppo due to barrel bombing by the regime's air force, or from other governorates such as Hama, Homs or Damascus countryside.
- The strikes of the Global Alliance against IS on the areas of oil wells has caused an increase in fuel prices by 15%, with the winter coming close and the high cost of heating fuel, which warns of an increase in all prices.



## The Social and Demographic Condition

Al-Dana's population before the revolution was 35,000 according to 2010 census. Now, around 75,000 people displaced from a number of governorates, which means that there is a population displacement twice as high as the original number, and that is ignoring the population of the IDP camps in Al-Dana surroundings.



## 1. Demographic Age Groups

There is no accurate statistics about the age groups of the population, because of the total absence of the body or institution of specialized statistics, and as a result of displacement conditions and leak of registration of births and deaths. However, stats elicited from some credible relief organizations reveal that the active age group (age 15 to 60), which is the productive or under arms group in wars communities, has declined. This is because of the displacement, and the migration for work or for political and humanitarian asylum, especially to the EU countries.

- Under the age of 15 years: currently 55-65%.
- Age of 15-60 years old currently 25-30%, this is the active or working group, which is used to be more than 35% of the population before the revolution.
- Over the age of 60 years: 10-15%.

## 2. Education:

- The following is still operational in the city:
  1. 3 kindergartens
  2. 4 mixed-sex primary schools
  3. 4 preparatory (middle) schools: 2 for boys – 2 for girls.
  4. 2 secondary (high) schools: 1 for boys – 1 for girls
  5. 1 industrial secondary school
  6. 1 feminist arts secondary
- The number of students attending schools in all stages is estimated to be 10,000 students.
- The number of teachers is 300, and the percentage of teachers whose salaries are cut by the regime is estimated to be only 5%.





## Administrative Condition

Al-Dana, as previously mentioned, is the center of a sub-district that follows the Harem district administratively. An administrative absence of many of the state institutions, which was replaced to the minimum by a form of local administration within the city, the centralization of districts and the dependence of sub-districts, towns and villages are almost non-existent.

### • The Local Council

- Consists of 21 members of volunteers, which are the council's president – vice president – secretary – economic office – financial office – media office – services office – medical office – relief and foreign relations office – legal office – educational office – security office.
- The council's president: Mustafa Ali Sudur / BA in English Language
- Vice President: Mahmoud Haj Hamidy / Rights Activist
- Secretary: Mahmoud Abdullah Dahruj / BA in Arabic Language
- Head of the services office: Civil Eng. Amr Keyaly. The services office tries to manage building operations and licenses. A nominal fee of SYP 200 was imposed and some technical specifications were determined for building licenses. Engineers' supervision on building and road construction was activated, and using them in building trade and studies.

### • Al-Dana Free Police

- There is a police station in Al-Dana free sub-district of the free police; it has 60 members, 3 officers and 5 assistants.

### • The Legal and Judicial Authority

- The Legal and Judicial body in Idlib Governorate is a different structure called the "The Islamic Authority for Liberated Areas Administration", its headquarters in Idlib Governorate is in the city of Binnish. All factions participate in it, and its force are from the members of the Islamic Front – Al-Mujahideen Army – Hazm Movement.
- The courts of this authority are 9 courts in Idlib governorate, each court is followed by conciliation authorities. For example, Al-Dana court is followed by the conciliation authorities of: Killi- Hizano - Qurqanya – Turmanin – Sarmada currently follows the Judicial Department of Al-Nusra front.
- Attorney hiring fees and lawyer pleading reimbursement have been allocated, which is considered a source of income to lawyers pleading before courts and conciliation authorities. This is an experience that should be developed and generalized.



- **Main militant factions in Al-Dana:**

There are some major militant factions in Al-Dana that have settled after the IS were banished from the city of Al-Dana, which are:

- The Islamic Front / Al-Dana martyrs (Ahrar Ash-Sham)
- Islam Army (Az-Zubair ibn Al-Awwam Battalions)
- Ahl as-Sunna Battalions (Al-Muthanna Battalion)
- Al-Mujahideen Army (Al-Nasir li-Din Allah Brigade)
- An-Nusra Front



## Conclusion and Recommendations

We conclude from the aforementioned in our research and tours in the city of Al Dana, and through an economic reading of the situation in Syria in general and the governorate of Idlib in particular, that the economic situation in Al Dana needs a number of urgent measures and taking some general strategic actions, which are:

1. Solving the gas problem urgently and fixing its price by means of active importation or actuation of projects to locally produce and fill it and establishing gas filling companies in the future to be enough for the market, and so that these predicaments are not repeated.
2. permanent solution to the problem of gasoline, by establishing refineries for lead-free gasoline and producing amounts that are equivalent to the governmental gasoline in terms of quality.
3. Solving the water problem in the city of Al-Dana and supplying it with electricity.
4. Activation of the Economic Office in the municipal council, and making urgent plans to revitalize the economic life in the face of upcoming dangers in the winter, especially after the drought seasons of wheat and olive, and the suspension of car importation from Turkey.
5. Supporting the technical office of the municipal council and activating the role of professional syndicates, such as Liberated Engineers.
6. Enhancing the health and medical situation.
7. Encouraging investment projects that provide economic alternatives, and supporting small and medium-size industrial projects such as opening textile or sewing factories around the city, and promoting desirability for closeness to the border crossing or service alternatives such as communication and power generation projects.
8. Attempting to revive the transportation sector using trucks that are considered vital and crucial in the city of Al-Dana
9. Encouraging and refining the building and real-estate trade that is already growing and flourishing in Al-Dana
10. Encouraging the opening of large factories in the sub-district of Al-Dana due to the relative security achieved in Al-Dana.

There is no doubt that if the economic remained as it is, then we are approaching more inflation, shortage of some basic economies and destabilization of important economic sectors.

That is why we mention some economic policies that should be followed so as to enhance the economy of Armanaz, governorate of Idlib, and Syria in general:

1. Development of a transportation agreement between Turkey and the Liberated Syria, so

as to allow admission of Syrian trucks to Turkish lands, to reach the Turkish ports, and come from it.

2. Utilizing the border crossing in a good economic way, while focusing on putting an end to smuggling in cooperation with the Islamic authorities managing the crossing.
3. Linking the policies of the temporary Syrian government and the donors with the economic offices of the militant factions that are operating on the ground, and developing common applicable plans, and fusing the available potential in one container.
4. Establishing an alternative free-zone within the Syrian land or on nearby borders, so as to be distributed between industrial and commercial zones, and attracting major investments to it.