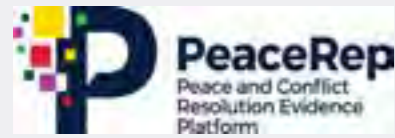


VALUE CHAIN DEVELOPMENT IN SYRIA TO PROMOTE ECONOMIC BENEFITS AND SOCIAL COHESION:

CONCEPTUAL ANALYSIS
AND CASE STUDIES





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EXECUTIVE SUMMARY

The dire economic conditions after 14 years of conflict, together with the opportunities emerging in the post-Assad context, highlight the urgency of value chain development as a pathway to revive local economies and building long-term resilience. This need is evident in the sharp decline of the private manufacturing and service sectors, with manufacturing output falling from 428.4 billion SYP in 2010 to 261 billion SYP in 2024¹ and the private service sector contracted to about one-third during the same period.

These trends reflect high production costs, shortages of essential commodities and energy, weak purchasing power, disrupted value chains, underdeveloped private sector capacity, loss of skilled labour, an unstable economic environment, over-compliance, currency volatility, and competing currencies. Within these context, developing value chains is essential for enhancing productivity, competitiveness and resilience through re-establishing relationships and rebuilding trust among value chain actors, promoting economic complementarity, improving market efficiency, generating jobs, reconnecting productive networks, stimulating local investment, reducing dependence on imports and humanitarian aid, rebuilding social capital, reducing inequality, supporting peace building, and improving livelihoods.

¹ Authors' calculations and estimations using the Statistical Abstract 2023 published by the Central Bureau of Statistics, Damascus, Syria

METHODOLOGY

The report begins by applying a set of selection criteria suited to the Syrian context to identify three value chains for in-depth analysis. For each selected sector, it examines all activities along the value chain to map current dynamics, highlight key challenges, and outline practical opportunities and recommendations. The analysis draws on available secondary data and relevant literature but relies primarily on fieldwork. To select the three sectors, the team conducted one-on-one interviews with businesspeople and sector experts in Syria, using a semi-structured questionnaire designed around the established criteria. The interviews explored the post-Assad business environment, obstacles to value-chain development, and insights on priority sectors. For each of the three value chains identified, additional key informant interviews were carried out across the chain's activities to assess conditions on the ground and identify specific constraints and opportunities.

VALUE CHAIN SECTION CRITERIA

The analysis identifies a set of criteria for selecting value chains that can contribute to sustainable economic development in Syria. These criteria align with the literature and Syria's economic realities, reflecting needs related to profitability, employment, local and external value creation, and feasibility under current conditions. Analysing each criterion across economic activities shows the following:

Profitability and economic feasibility

The analysis identifies several sectors that demonstrate strong profitability and economic feasibility based on local demand, available raw materials, and export prospects. Agricultural and food products remain central due to fertile land, water-efficient crops, and demand for dairy and canned goods. The textile, garment, and leather industries are grounded in Syria's industrial heritage, access to local materials, and ability to serve domestic and international markets. Pharmaceuticals and basic medical equipment are considered viable due to continuous demand and the rebuilding of the healthcare system. Technology and digital services have low infrastructure requirements and rising demand, while renewable energy has become increasingly important due to unstable electricity supply. Traditional industries, such as sweets, laurel soap, detergents, and cosmetics, and sectors linked to reconstruction, including construction materials, also appear financially promising.

Job Creation Potential

Several sectors stand out for their capacity to generate employment across different skill levels and regions. Agriculture and food industries can create jobs in farming, processing, packaging, and distribution, supporting both food security and local livelihoods. The textile, garment, and leather value chains have high potential, particularly for women, due to their wide range of activities, from cotton cultivation to tailoring and shoe production. Construction and building materials can absorb a large workforce, especially as reconstruction accelerates. Logistics, transportation, and digital trade also expand employment opportunities by linking production areas with markets. Vocational training and education services contribute to job creation by equipping youth and women with skills needed for practical trades, small enterprises, and digital activities.

Added value and reduced external dependency

The analysis highlights several sectors capable of creating significant added value while reducing Syria's reliance on imports. Agricultural products strengthen food security and decrease pressure on foreign currency. Locally produced fertilizers, pesticides, and agricultural inputs further reinforce domestic production. The textile, garment, and leather industries offer opportunities to develop products from local raw materials, reducing reliance on imported goods. In the medical sector, local production of equipment and pharmaceuticals helps offset the difficulty of obtaining imported medical supplies under restrictive conditions. Handicrafts and artisanal products, including leather goods and traditional soaps, can serve export markets while relying on local materials and skills.

Cross-regional linkages and feasibility under current conditions

Several value chains identified in the analysis demonstrate strong potential for connecting different geographic regions and supporting more balanced development. Agricultural and food value chains link rural production areas with urban processing centres, facilitating economic cooperation and circulation of goods. Textiles, leather, and garments integrate cotton-growing regions with manufacturing hubs, while medical equipment and pharmaceuticals depend on cross-regional supply networks. Construction materials, digital trade, and handicrafts similarly draw on inputs or markets across multiple regions. Under current conditions, marked by limited energy supply, restricted mobility, and scarcity of capital, the most feasible sectors are those relying on local resources, existing skills, and low-cost production systems.

Accordingly, the study identifies three sectors for further analysis. These sectors are canned food, dairy products, and leather products.

01 CANNED FOOD SECTOR

The report addresses the five activities within the canned food value chain. The findings are as follows:

1. Raw material production forms the base of the canned food value chain, carried out by smallholder farmers and livestock owners relying on rain-fed agriculture, weak irrigation, costly inputs, poor seed and feed quality, and limited veterinary care; only 20–30% of their output reaches processors, with sales dominated by wholesalers due to the absence of formal contracts.

Challenges Include:

- Water scarcity, high irrigation costs, and inconsistent rainfall
- Rising input costs for fertilisers, seeds, fuel, and pesticides
- Low productivity from poor soil management and limited mechanisation
- Scarcity of animal feed, weak veterinary services, and low vaccination coverage
- Landmine contamination and access restrictions in agricultural areas
- Lack of storage facilities leading to forced sales at low prices
- Weak cooperatives, limited access to credit, and absence of extension services

Opportunities and recommendations include:

- Promote improved seeds, organic fertilisation, crop rotation, and diversification
- Expand manure-based soil enhancement and better post-harvest handling
- Establish cooperative storage centres to prevent market dumping
- Strengthen livestock genetics, vaccination campaigns, and feed access
- Invest in drip/sprinkler irrigation, drought-resistant seeds, and conservation farming
- Introduce price-stabilisation measures and anti-monopoly regulations
- Support farmer associations and cooperatives for collective marketing and bargaining power

2. Collection and transport connect smallholder producers to processors through informal, decentralised networks. Small and medium traders' aggregate crops using pickup trucks, while larger wholesalers with refrigerated trucks supply factories or export channels. Transactions are based on trust and verbal agreements, with flexible pricing and occasional prepayment, leaving producers vulnerable to market fluctuations.

Challenges include:

- Poor and damaged rural roads, making access difficult and costly
- Fuel price volatility raising collection and delivery costs
- Lack of cold storage and refrigerated transport, causing spoilage in perishable crops
- Delays, informal fees, and unpredictability at checkpoints and administrative boundaries
- Labour shortages during peak seasons
- Market mismatch when processors reduce purchasing, resulting in surplus losses

Opportunities and recommendations include:

- Establish central cold-storage hubs and mobile cooling units
- Rehabilitate rural roads and ensure safe corridors, including demining
- Create decentralised collection centres and aggregation points
- Encourage structured agreements between farmers, traders, and processors
- Provide microloans for vehicle repair, cooling equipment, and fuel
- Introduce short-term credit to stabilise aggregation during peak harvests

3. Processing and canning convert seasonal crops and livestock products into shelf-stable goods such as tomato paste, pickled vegetables, Makdous, and preserved pulses. The sector includes large factories, medium semi-mechanised workshops, and small household-based units. Most processors depend on wholesale markets for inputs due to lack of direct contracting with farmers. Production is highly seasonal, and women play a key role in sorting, washing, and packing. Larger units attempt basic quality control, while smaller workshops rely on reputation and taste. Export-oriented production requires limited certification, often obtained informally.

Challenges include:

- Severe electricity shortages and high generator fuel costs
- Rising prices of cans, lids, packaging, and preservatives
- Currency volatility affecting input costs and profit margins
- Weak domestic demand and competition from low-cost Turkish imports
- Scarcity of skilled labour in sterilisation, quality control, and maintenance
- Limited access to finance due to informal operations
- Inconsistent regulatory environment and weak food-safety compliance

Opportunities and recommendations include:

- Invest in modern sterilisation, sealing, and energy-efficient equipment

- Support processors to obtain ISO, HACCP, and Halal certification
- Improve packaging, labelling, and compliance-related documentation
- Promote cooperative models for joint purchasing and shared machinery
- Strengthen skills in food safety, equipment operation, and women-led processing
- Provide microfinance and hard-currency facilities for equipment and inputs

4. Retail is fragmented and dominated by small grocery shops, minimarkets, and a limited number of supermarkets concentrated in larger towns. Retailing is informal, family-run, and dependent on wholesalers and company representatives. Consumer behaviour is shaped by declining purchasing power, price sensitivity, shrinking purchase quantities, and seasonal demand for traditional products.

Challenges include:

- Price instability due to exchange-rate fluctuations
- Weak purchasing power and shrinking consumer budgets
- Competition from Turkish canned products
- High operating costs (rent, refrigeration, generators)
- Limited working capital preventing bulk purchasing
- Lack of suitable retail-credit mechanisms
- Inconsistent local regulation

Opportunities and recommendations include:

- Improve packaging, branding, and product differentiation
- Provide working-capital support and stable procurement arrangements
- Promote participation in trade fairs and use digital platforms for marketing
- Encourage flexible pricing tiers and smaller package sizes
- Diversify product mix to stabilise incomes
- Strengthen home-delivery and phone-order services
- Support loyalty practices, bundled offers, and community-based credit

5. Exports remain essential for processors, especially in northwest Syria where domestic demand cannot absorb production. Exported items include pulses, pickled vegetables, tomato paste, grape leaves, Makdous, and niche products. Export channels range from formal shipments via Turkey to semi-formal regional trade and informal cross-border routes. Compliance relies heavily on reputation, buyer visits, and basic hygiene practices rather than international certification.

Challenges include:

- Residual effects of sanctions, banking derisking, and reliance on third-country payment channels
- Border unpredictability and inconsistent crossing rules
- Rising logistics, customs, and transport costs
- Lack of brand registration, leading to white-label exports with lower margins

- Strong regional competition (Turkey, Egypt, Iran, Jordan)
- Absence of institutional support for branding, certification, or market expansion

Opportunities and recommendations include:

- Participation in international trade fairs
- Use of digital platforms and social media for export outreach
- Partnerships with Arab wholesalers and diaspora distributors
- Improved packaging and multiple pack sizes for different markets
- Marketing emphasising product quality, tradition, and flavour adaptation
- Establish a neutral certification authority and expand access to ISO/HACCP/Halal
- Provide export credit lines, guarantee schemes, and trademark protection support

02 DAIRY PRODUCTS

The report examines four main activities in the dairy value chain. The findings are as follows:

- 1. Livestock management and raw milk production:** Livestock once represented 35–40% of agricultural output and provided income for 20% of rural households, but herds declined sharply after 2011 due to displacement, high feed prices, drought, and deteriorating grazing lands. By 2022, livestock numbers stabilised but remained far below pre-crisis levels. Dairy cattle farming has suffered from soaring feed costs (70–75% of total cost), falling livestock prices, limited veterinary care, loss of pasture, and the absence of organised collection or cooperatives. Milk production remains vulnerable to drought, scarce fodder, poor infrastructure, and weak veterinary extension.

Challenges Include:

- Repeated droughts, shrinking fodder-growing areas, and dependence on costly commercial feed
- Lack of veterinary centres, weak vaccination coverage, and expensive medication
- Absence of cold-chain facilities for raw milk in rural areas
- Outdated breeding and production techniques
- No cooperatives or organised collection centres, reliance on informal “halal” intermediaries
- Low purchasing power limiting price adjustments; competition from cheaper Turkish imports

Opportunities and recommendations include:

- Supporting affordable feed through government and international programmes
- Expanding veterinary care, medicine provision, and awareness campaigns
- Establishing cooperatives for organised milk collection and fair pricing

- Introducing improved breeding programmes and better nutrition techniques
- Investing in automated milking, cooling systems, and modern production technologies

2. Collecting and transporting raw milk: Milk is collected daily by intermediaries using motorcycles or small vehicles, transported in plastic tanks, and priced according to type and quality through verbal, informal agreements. Prices shift weekly due to supply and demand, while payments are usually made in cash. Dairy plants coordinate quantities needed each day; all milk is consumed locally, with no exports.

Challenges include:

- Damaged roads and difficult access to villages, especially in winter
- Lack of modern refrigeration, leading to spoilage
- Poor hygiene practices among some farmers, forcing rejection of contaminated milk

Opportunities and recommendations include:

- Setting regular collection times and promoting clean containers
- Investing in refrigerated transport and improved rural infrastructure
- Training breeders in hygiene, milking methods, and milk handling
- Establishing cooperatives or central collection points
- Providing microloans for cooling equipment, clean containers, and measuring tools

3. Dairy processing ranges from household workshops to large factories, creating diverse products such as yogurt, labneh, cheeses, cream, butter, and shanklish. Production depends on daily fresh milk purchases due to limited refrigeration. Quality control rests on trust with suppliers, as adulterated or contaminated milk remains a concern. Competition is high, with demand for traditional products and natural processing methods.

Challenges include:

- Exchange-rate volatility increasing input and feed prices
- Electricity cuts, reliance on generators, and costly fuel
- Scarcity of modern equipment and spare parts
- Shortage of skilled labour and low wages
- Transportation difficulties due to damaged infrastructure
- Lack of financial assistance and micro finance
- Declining purchasing power and inflation reducing demand
- Competition from large factories and cheaper Turkish products

Opportunities and recommendations include:

- Providing modern manufacturing, refrigeration, and packaging equipment
- Training in management, marketing, and export preparation
- Linking producers to new sales channels humanitarian aid supply chains

- Offering grants and interest-free loans for expansion
- Supporting new product development (e.g., long-lasting cheeses, canned labneh, flavoured yogurt)
- Establishing entities to connect producers with larger markets

4. Dairy and cheese retailing remains active across small, specialised shops, weekly markets, groceries, and supermarkets, with supply coming mainly from nearby workshops through daily refrigerated deliveries. Sales rely on informal, trust-based arrangements and cash or short-term credit. Despite steady demand for essential dairy products, purchasing quantities have declined due to weakened purchasing power. Imported items, especially Turkish cheese and sterilised yogurt, compete with local products. The sector provides employment for shop owners, workers, transporters, and suppliers.

Challenges include:

- Electricity shortages limiting cold storage; generators and solar systems are costly
- Continuous depreciation of the Syrian pound complicates pricing
- Low purchasing power reducing sales volumes
- No access to loans or financial assistance
- Shortage of skilled labour and high turnover
- Strong competition forcing discounting and thin profit margins
- Export constraints: high shipping/insurance costs, exchange-rate risks, incomplete easing of sanctions

Opportunities and recommendations include:

- Improve inventory management by buying smaller, frequent quantities
- Diversify suppliers for better prices and reliability
- Enhance product display and invest in solar refrigeration to reduce storage losses
- Strengthen ties with suppliers for better payment terms
- Sell surplus stock quickly to supermarkets to avoid spoilage
- Maintain high hygiene standards and expand services such as instalment sales and home delivery
- Provide management and marketing training for retailers
- Support financing schemes and measures to reduce export-related costs and facilitate market access

03 LEATHER PRODUCTS

The report analyses seven activities in the leather production value chain. The findings are as follows:

1. Livestock farming for raw hide supply: Livestock farming remains active in Idlib, Hama, and northern Aleppo, with breeders shifting from sheep and camels to more affordable cattle and goats. Meat, not hides, now drives income, and hides are collected only when a buyer is confirmed. Market access is fragmented and demand for hides remains very low, despite regular slaughter activity.

Challenges Include:

- Hides seen as low-value by-products; very weak demand
- Absence of pricing standards, formal markets, or quality incentives
- Market fragmentation and dominance of intermediaries
- Limited government/technical support and lack of awareness on hide handling

Opportunities and recommendations include:

- Establish hide collection points/cooperatives and introduce quality-based pricing
- Provide training on flaying, preservation, and hide grading
- Expand public-private feed distribution and targeted finance for breeders
- Introduce incentive schemes for high-quality hides (cash or in-kind)
- Support from NGOs/local authorities with preservation kits and technical assistance
- Introducing improved breeding programmes and better nutrition techniques
- Investing in automated milking, cooling systems, and modern production technologies

- 2. Collecting and preserving raw hides:** Collection is informal and mostly driven by slaughterhouses and traders, with no specialised networks in the northwest. Preservation relies on basic salting and sun-drying, often using table salt, reducing quality. Hides are later consolidated by traders and moved toward tanneries in Aleppo, Hama, and Damascus.

Challenges include:

- Poor infrastructure and lack of storage, shade, or cooling
- Low-skilled flaying leading to tears and defects
- Rapid spoilage due to weak preservation methods
- Weak demand and no quality control or grading standards

Opportunities and recommendations include:

- Introduce flaying training and standardised salting units at abattoirs
- Establish shaded drying racks and small preservation facilities
- Improve short-term storage (ventilated units, basic cooling)
- Formalise collection teams and create regional aggregation hubs
- Strengthen coordination between local councils, abattoirs, and traders

- 3. Tanning raw hides into tanned leather:** Tanning capacity has collapsed since 2011, with fewer than ten low-capacity tanneries operating in Adra. Water shortages, high electricity costs, and outdated technologies constrain production. Prices fluctuate daily due to scarcity of buyers and inconsistent hide quality.

Challenges include:

- High water and electricity costs; unreliable utilities
- Outdated machinery and scarce skilled labour

- Limited finance for industrial upgrades
- Weak export presence and declining product quality

Opportunities and recommendations include:

- Provide subsidised treated water and revised electricity tariffs
- Facilitate import of modern machinery and offer concessional credit
- Launch vocational training for modern tanning skills
- Introduce tax and regulatory incentives within industrial zones

- 4. Leather finishing and manufacturing:** Finishing is conducted in the same premises as tanning, but machinery is outdated and utilisation rates low. Around 70% of hides are exported semi-processed due to weak domestic purchasing power and limited manufacturers. High chemical and energy costs restrict value addition.

Challenges include:

- Expensive chemicals, power costs, and obsolete equipment
- Skilled-labour shortages and weak vocational training
- Limited finance for technology upgrades
- Weak domestic demand; dependence on low-margin semi-processed exports

Opportunities and recommendations include:

- Promote modern finishing technologies and eco-efficient chemicals
- Support technical partnerships and demonstration projects
- Introduce incentives to finish hides domestically
- Strengthen trade-promotion programs to reconnect with regional/global buyers

- 5. Manufacture of leather products:** Once a vibrant artisanal sector, manufacturing has shrunk due to high input costs, displacement, and loss of skilled craftsmen. Workshops rely on intermediaries for hides and increasingly face competition from cheaper imports. Output is limited to small batches for niche domestic markets.

Challenges include:

- Rising costs of hides, chemicals, rent, and utilities
- Loss of artisanal skills and weak apprenticeship pipelines
- Limited working capital and depleted assets
- Strong competition from low-cost imported footwear and accessories

Opportunities and recommendations include:

- Establish collective procurement for hides and inputs to stabilise costs
- Introduce apprenticeship schemes and workshop rehabilitation grants
- Support diversification into higher-value goods

- Facilitate access to microfinance and cooperative marketing channels

6. Selling leather goods domestically: Retail markets have shifted toward low-cost imports as purchasing power declines. Only a few workshops in Aleppo and Hama continue supplying domestic markets with modest volumes. Retailers depend on wholesalers, face price volatility, and struggle with high operating costs.

Challenges include:

- Depressed consumer incomes and USD–SYP volatility
- Competition from cheap imports (Turkey, China)
- High operating costs (rent, electricity, generators)
- Limited capital for inventory and weak retail-credit mechanisms

Opportunities and recommendations include:

- Promote domestic branding, packaging and product differentiation
- Provide working-capital support and cost-stabilisation tools
- Encourage pre-order systems and retail–producer linkages
- Support digital marketing, home-delivery, and small loyalty schemes
- Establish transparency mechanisms for pricing and procurement

7. Export of leather and leather goods: Exports have sharply declined, with over 65% of hides leaving Syria only semi-processed through diaspora-linked channels. Fully finished leather and goods reach neighbouring markets in small quantities. The easing of sanctions has opened cautious optimism for renewed export orders.

Challenges include:

- Weak export policy framework and high compliance costs
- Limited market promotion and dependence on a few buyers
- Elevated logistics, shipping, and payment costs
- Lack of branding, certification, and market diversification

Opportunities and recommendations include:

- Establish an export promotion fund and support attendance at global fairs
- Create a national “Syria Leather Expo” and fast-track importer facilitation
- Introduce tiered export incentives for finished goods
- Develop a single-window system for export documentation
- Promote women/youth-led stitching cells for export-oriented products

The selection criteria developed in this study provide a structured framework for identifying value chains capable of driving Syria’s post-conflict recovery. Applying these criteria highlighted sectors that combine strong domestic demand, reliance on local inputs, and resilience despite prolonged disruption.

This is why the canned food, dairy, and leather value chains were chosen for detailed analysis. Across all three chains, the findings reveal systems that remain active but severely strained by high input costs, weak infrastructure, declining purchasing power, and fragmented, trust-based market networks.

However, they also demonstrate significant scope for economic renewal through improving production capacities, strengthening collective efforts, enhancing quality standards, facilitating access to finance, and rebuilding regional market connections.

These case studies show that value-chain development is not only feasible in the post-Assad context, but essential for restoring livelihoods, stimulating local investment, reducing aid dependency, and enhancing social cohesion across different regions.

INTRODUCTION

Value chain analysis offers an effective framework for understanding the complexities of economic development by examining the roles, interactions, and linkages among various actors within the chain, while also recognising that these elements are shaped by relevant laws and regulations and that supporting functions are integral to the roles of actors². In the Syrian context, the importance of this framework is heightened due to the significant disruptions in value chains across multiple economic sectors during the conflict. These disruptions have fragmented the connections among actors, increasing their production costs, reducing their productivities and limiting their capacity to compete and sustain their activities.

The post-Assad period in Syria would offer significant business opportunities across various sectors, as the reconstruction process is expected to drive demand for building materials, housing, and public utilities, making construction a key growth area. At the same time, disruptions in imports have renewed interest in strengthening local production, particularly in food processing, textiles, and spare parts manufacturing, with locally available raw materials helping to reduce costs. The rise of digital trade could further expand business potential, allowing companies to reach wider markets through e-commerce without heavy infrastructure investments. Additionally, the gradual lifting of sanctions and the improved trade relations with neighbouring countries, Gulf countries, and the EU, along with the easing of government restrictions, could create new opportunities for investment and market expansion.

This report takes value chains as an entry point for understanding constraints and opportunities in Syria's economic recovery. The first phase of the study developed a set of criteria rooted in the literature on value-chain development and adapted to the Syrian context. These criteria, including economic feasibility, job creation, added value and reduced external dependency, cross-regional linkages, and feasibility under current conditions, serve as a lens for identifying sectors that can have economic and

social impact. To ground these criteria in empirical realities, the research team conducted extensive fieldwork, beginning with interviews with 15 businesspeople and sector experts across different regions. These interviews examined the post-Assad business environment, the practical obstacles to value-chain development, and local views on which sectors are most viable under current conditions. Building on this, the study selected three value chains, canned food products, dairy products, and leather goods, for in-depth analysis. For each chain, seven additional key-informant interviews were carried out across its activities, from raw-material production to retail and export, enabling the report to map operational dynamics, identify binding constraints, and outline realistic opportunities and recommendations.

The report begins by situating the importance of enhancing cross-regional value chains in Syria's current economic and social landscape, before outlining the economic and social benefits that such an approach can generate. It then presents the selection criteria developed in the first phase of the research, alongside an examination of the post-Assad business environment and an assessment of key value chains across the economy. Based on this analysis, the study identifies three sectors for detailed investigation and traces each activity within their respective value chains. The report concludes by drawing together the main cross-cutting findings from these case studies and reflecting on their broader implications for economic recovery and value-chain development in Syria.

METHODOLOGICAL FRAMEWORK

This report draws on three complementary sources of evidence.

First, it relies on a review of the relevant literature to frame the importance of value-chain development in fragile and post-conflict settings and to identify a set of criteria suitable for selecting the most effective value chains in the Syrian context. Second, the analysis incorporates available secondary data on the Syrian economy and its productive sectors, using official statistics from the Central Bureau of Statistics as well as data and insights from reports issued by international organisations and UN agencies.

However, the core of the report is grounded in extensive fieldwork conducted in two phases. The first phase took place in March 2025 and consisted of one-on-one interviews with 15 businesspersons and sector experts operating across Syria. The interviewees represent a

diverse mix of economic activities, including manufacturing, trade, agriculture, medical equipment, and consultancy, and are located in Damascus, Aleppo, Idlib, Raqqqa, and Hasakah. Four experts are based in Northeast Syria, four in North and Northwest Syria, and seven in other regions including major urban and coastal areas. Despite deliberate efforts to ensure gender representation, only two interviewees were women. A semi-structured questionnaire, developed around the study's selection criteria, guided these interviews. It comprised 13 questions organised into four sections: the post-Assad business environment, challenges affecting value-chain development, identification of priority value chains, and recommendations to support value-chain strengthening.

The second phase of fieldwork, conducted between May and June 2025, aimed to map activities along each of the three selected value

² Helmsing, A.H.J. & Vellema, S. (2011): "Value Chains, Social Inclusion and Economic Development: Contrasting Theories and Realities."

chains and to document operational realities on the ground. This phase relied on 21 key-informant interviews covering all major activities from raw-material production to retail and export. For the canned food sector, seven interviews were conducted with actors distributed across agricultural and processing areas: three farmers and livestock producers, two collectors and wholesalers, one processor, and one exporter. Respondents were based in rural Idlib, northern Aleppo, rural Hama, and market centres in Aleppo and Damascus. For the dairy value chain, seven interviews engaged two livestock and raw-milk producers, one milk collector, two workshop-level processors, and two dairy retailers operating across rural communities, peri-urban zones, and local markets in Idlib, Raqqa, rural Homs, Aleppo, and Damascus. For the leather value chain, another seven interviews covered livestock farmers supplying hides, collectors and intermediaries linked to abattoirs, tannery owners, finishers, manufacturers, domestic retailers, and export traders working in Idlib, northern Aleppo, Hama, and Damascus.

Across all three value chains, interviewees were selected to represent the full sequence of activities and a range of enterprise scales, from household-based producers and semi-mechanised workshops to large factories and long-distance traders. Each interview followed a structured guide addressing production processes, sourcing and transport arrangements, transaction mechanisms, labour challenges, input availability, operational constraints, and market linkages. This consistent methodological approach made it possible to document the internal organisation of each chain, assess their cross-regional linkages, and analyse the informal governance systems and practical challenges shaping economic activities in different parts of Syria.

THE IMPORTANCE OF ENHANCING CROSS-REGIONAL VALUE CHAINS IN SYRIA

Syria's economic deterioration underscores the urgency of value chain development as a pathway to boosting local economies and fostering long-term resilience. This need for revitalisation is evident in the private manufacturing and service sectors.

During the conflict, the private manufacturing sector in Syria has experienced a significant decline in gross production, reflecting the country's economic and industrial deterioration. In 2010³, the total gross production of private manufacturing industries stood at 428.4 billion SYP (constant 2010 prices), which is equivalent to USD 9.1 billion. By 2020, this figure had already dropped to 284.8 billion SYP, marking a 33.5% decline. Although there was a brief recovery in 2021 with a 3.8% increase, reaching 295.6 billion SYP, the sector suffered another decline in 2022, falling to 275.4 billion SYP (-6.8%). The downward trend continued, with production reaching 270.6 billion SYP in 2023 and further dropping to 261 billion SYP in 2024, indicating an overall contraction of nearly 40% since 2010.

³ All data in this paragraph are derived from the authors' calculations and estimations using the Statistical Abstract 2023 published by the Central Bureau of Statistics, Damascus, Syria.

This deterioration has differed across different industries. Basic metal production collapsed from 27 billion SYP in 2010 to just 1.39 billion SYP; a staggering 95% reduction. Non-metallic products also suffered greatly, declining from 36.2 billion SYP in 2010 to 10.9 billion SYP in 2024, a 70% drop. Other sectors, such as the textile and leather industry, shrank by 39% between 2010 and 2024, while the wood and furniture industry declined by 44% over the same period. The food, beverage, and tobacco sector, once a leading industry, dropped from 102.4 billion SYP in 2010 to 69.7 billion SYP in 2024, a 32% decline, highlighting disruptions in agricultural supply chains and market instability. Although some sectors, like chemicals, have performed better, dropping only 10% since 2010, the overall trajectory shows a persistent weakening of the private manufacturing sector, severely impacting employment and economic resilience⁴.

Similarly, Syria's private service sector, including construction, internal trade, finance and real estate, education, health, and transportation and communication, experienced a severe decline from its 2010 level of 973.2 billion SYP (USD 20 billion) (constant 2010 prices). By 2014, it had contracted to just 37% of its base year size. The decline continued at a slower pace between 2015 and 2017, reaching around 34% of the 2010 level. From 2018 onwards, the sector experienced relative stability with minor fluctuations, before declining again in the past two years, with an estimated 33% of its pre-conflict size by 2024⁵. This prolonged downturn highlights the lasting economic challenges in Syria.

Syria faces major structural economic challenges that hinder recovery across key sectors. These include high production costs, shortages of essential commodities, limited energy resources (fuel, oil, and electricity), and weak purchasing power. Value chains are heavily disrupted, with broken linkages between production, processing, and markets. The private sector remains underdeveloped, and there is a shortage of qualified human capital, with uncertainty over the return of skilled workers who left the country. The absence of a secure and stable economic environment deters both local and foreign investment. International sanctions, the volatility of the Syrian pound (SYP), and the circulation of competing currencies like the Turkish lira and US dollar further complicate economic transactions and increase business uncertainty.

Given the continuation of Syria's economic challenges, revitalising and developing value chains across various economic sectors is essential for boosting local economies and enhancing productivity, competitiveness and resilience. A critical factor in this development is the re-establishment of relationships and the rebuilding of trust among the groups of actors within each value chain, which requires an appropriate infrastructure and regulatory framework, underscoring both their economic and social importance.

A. ECONOMIC IMPORTANCE

Restoring linkages within value chains in Syria is crucial for fostering inclusive and sustainable economic development at local and national levels, laying the foundation for an inclusive and resilient economy. The economic significance of enhancing cross-regional value chain includes:

- Economic complementarity: Rebuilding value chains across different regions linking raw materials, production process, and markets; benefiting from regional specialization and encouraging optimization of resource allocation.
- Market efficiency: Leveraging Syria's internal resources to reduce production costs, reducing

⁴ Ibid

⁵ All data in this paragraph are derived from the authors' calculations using data from Syrian Centre for Policy Research report of "Justice to Transcend Conflict: Impact of Syrian Conflict Report, 2020" and UNDP report in February 2025 on "The Impact of The Conflict in Syria".

resource wastage, increasing purchasing power of population, and better align with local market needs. This enhances bargaining power with wholesalers and exporters

- Job creation: Increased demand for local goods and services can generate employment across agriculture, manufacturing, and services sectors, shifting human resources from destructive and illicit activities to legitimate and productive employment.
- Reconnection of productive economic networks: Reviving disrupted key trade routes will improve market access across different regions, which will subsequently encourage the rehabilitation of transportation and logistical infrastructure and help reduce the impact of smuggling activities.
- Local investment: Growing complementarity between regions and enhanced market efficiency will attract local investors to establish micro and small enterprises, boosting local and national development in the long term and increasing household resilience. These dynamics may also serve as a foundation for future foreign investment.
- Reduces dependence on imports and humanitarian aid: Reviving cross-regional value chains in agriculture, agri-food, and manufacturing such textile and pharmaceutical will enhance food security, reduce dependence on imports (thereby easing pressure on the Syrian national currency), and lessen the Syria's reliance on humanitarian aid.

B. SOCIAL IMPORTANCE

Enhancing cross-regional value chains in Syria plays a vital role not only in economic recovery but also in fostering social cohesion reducing inequality and improving stability. Social benefits include:

- Rebuilding social capital: Strengthening cross-regional value chains in Syria increases collaboration and trust among communities, bridging gaps deepened during the prolonged conflict, creating shared interests, and reinforcing shared identities and communities' relations.
- Reducing inequality: Generating economic opportunities for all communities through value chains helps reduce regional disparities and empower marginalized groups.
- Supporting peacebuilding: Cross-regional value chain economic integration encourages cooperation, increases mutual interests, and reducing tensions among different local communities, paving the way for peacebuilding initiatives.
- Improving livelihoods: By generating jobs and increasing households' income, reviving cross-regional value chains contribute to better livelihood status, including education and health services.

SELECTION CRITERIA FOR CROSS-REGIONAL VALUE CHAINS

The above analysis shows that enhancing cross-regional value chains is crucial for economic and social development in Syria. However, given the limited resources available to support this process, it is necessary to prioritise specific value chains for support. To achieve this, criteria must be identified to guide the selection of cross-regional value chains for analysis and potential intervention. It is important that these criteria are analysed in an interconnected manner, rather than as isolated factors. This approach encourages a broader understanding of the economic and social dynamics and shows how different criteria interact. The criteria for selecting economic activities/sectors to enhance their cross-regional value chains are:

- **ECONOMIC PROFITABILITY:** Assess the profitability of the sector or activity and analyse its economic and financial sustainability.
- **ECONOMIC MULTIPLIER EFFECT:** Evaluate the broader economic impact on local communities and examine how investment and growth in a specific economic sector induces more production in other sectors, spurs the creation of jobs (for both skilled and non-skilled people), and encourages investment and stimulation of local innovation.
- **RESILIENCE OF THE ECONOMIC SECTOR:** Assess the resilience of the sector or activity and analyse its ability to withstand shocks and challenges.
- **GENDER DYNAMICS:** Conduct a gender impact assessment by understanding how particular investment in economic sector affects gender labour participation and gender equality in the public space.
- **GEOGRAPHICAL DISTRIBUTION:** Evaluate the geographic impact by examining how geographic distribution of specific economic sectors and connections between them can help spur exchange between regions, promote balanced development and foster national economic unity, reducing reliance on external economic ties.
- **ECONOMIC JUSTICE:** Assess impact of the sector or activity on marginalised and affected local communities by understanding how a sector/activity benefits vulnerable populations and promote economic inclusion.
- **ENVIRONMENTAL SUSTAINABILITY:** Conduct ecological impact assessment by examining how economic investments impact sustainable development, the environment and natural resources.
- **LOCAL ADDED VALUE:** Assess the extent to which the sector or activity generates value locally, focusing on its ability to meet the needs of the economy and communities without relying heavily on external markets.
- **PROVISION OF ESSENTIAL GOODS AND SERVICES:** Assess the importance of the sector or activity, prioritizing essential goods and services such as food, healthcare and education.
- **ACCESSIBILITY AND FEASIBILITY:** Assess the accessibility and feasibility of the sector or activity by considering factors such as security conditions, access to essential resources (e.g., energy, raw materials), availability of human capital (skilled workforce), the presence of a functioning financial system, geographic constraints, and the direct and indirect impacts of sanctions.

A. BUSINESS ENVIRONMENT IN SYRIA POST-ASSAD

Following the fall of the Assad regime in December 2024, Syria's business environment remains highly fragile and deeply challenged. While also presenting potential emerging opportunities, political and security instability, economic fragility, and infrastructure deficits create a difficult environment for businesses, compounded by international sanctions and internal trade restrictions due to continuous political and territorial fragmentations. However, certain sectors, such as agri-food, textile and clothing, and medical equipment, offer potential for growth, particularly as reconstruction efforts gain momentum. Opportunities also exist in local production, regional trade integration, and online economic activities. The success

of businesses in post-Assad Syria will depend on their ability to navigate this evolving environment, secure necessary funding, and adapt to shifting market dynamics. Equally crucial is the role of the current authority in Damascus in reforming laws and regulations to protect investors and workers' rights, ensure economic and political inclusivity, promote policies supporting productive sectors (particularly agriculture and manufacturing) and advocate for lifting sanctions, particularly US sanctions that target foreign individuals and institutions conducting business with Syrian entities. Such reforms are essential for revitalising local economic activity and attracting foreign direct investment in a way that serves national interests.

KEY CHALLENGES AND OPPORTUNITIES, AS HIGHLIGHTED BY KEY INFORMANTS, INCLUDE:

- **POLITICAL AND SECURITY INSTABILITY:** The overarching political and security situation remains a primary challenge for businesses. As a manufacturer and traders based in Damascus states, "the business environment is experiencing a state of instability, as it is affected by the security and political situation." This uncertainty affects investor confidence and complicates long-term planning. Territorial fragmentation, such as the control of northeastern regions by Syrian Democratic Forces (SDF), adds to the complexity of conducting business across territorial lines. The 10th of March agreement between the Damascus authority and the SDF offers hope for a path towards national integration⁶. However, its implementation is expected to extend until the end of 2025, as stated in the agreement. Moreover, the operational details of the implementation mechanisms remain unclear. Similarly, the large-scale violence against civilians in coastal areas, reportedly carried out in early March 2025 by armed units within the newly formed Syrian army⁷, has further undermined security and stability, contributing to a deteriorating business environment across the country.
- **INFRASTRUCTURE DEFICIENCIES:** Syria's war-torn infrastructure presents a major obstacle to economic activity. Frequent power outages, reliance on generators, and poor transportation networks hinder industrial and commercial operations. As an owner of clothing workshop in rural Damascus observes, "frequent power outages force reliance on generators" increasing the production cost and the difficulties businesses face in maintaining consistent production.

Similarly, the president of chamber of industry and commerce in the Al-Bab region, north of Aleppo, notes that "Weak infrastructure remains the biggest challenge for the business sector in the region, with an urgent need to improve road networks, electricity, water, and telecommunications. The lack of stability in these services hinders the growth of industrial and commercial projects." Reflecting these shortcomings, the production of electricity in Syria does not exceed currently 1,500 MW, although production capacity, provided fuel is available, is 4,500 MW. Meanwhile, it is estimated that the demand for 24-hour supplies is at 6,500 MW⁸.

- **WEAK FINANCIAL SYSTEMS:** The banking and financial sector remains unstable as a result of the destruction of the economy and extensive capital flight, limiting access to capital and financial services. The absence of a strong and reliable banking system in addition to the sanctions make it difficult for businesses to secure funding. An agri-food factory owner in Idlib highlights that "the lack of a stable and reliable banking system severely restricts business expansion and investment."
- **CURRENCY LIQUIDITY SHORTAGES:** Currency liquidity shortages in Syria have severely disrupted business operations, largely due to the country's reliance on cash transactions and the absence of trustful digital financial services. A primary driver of this crisis is the central bank's monetary tightening policies, which have constricted the money supply and increased borrowing costs. The resulting liquidity constraints have created uncertainty within the banking sector, leaving depositors unable to access their funds. This situation has further hindered economic recovery efforts and increased operational cost, as businesses struggle to manage daily transactions, meet supplier obligations, and adapt to market demands. As a trader in northern Syria notes, "liquidity shortages and reliance on cash transactions increase operational inefficiencies and hamper businesses' ability to scale."
- **REGULATORY AND LEGAL UNCERTAINTY:** The outdated investment and trade laws in addition to the absence of a unified legal framework and clear regulatory policies across regions creates significant obstacles for businesses. Laws remain fragmented and vary across regions, making compliance difficult. A trader from North Syria points out that "laws remain fragmented and differ across regions," complicating business operations and discouraging investment. A business expert in Damascus highlights the lack of clarity and transparency in business related decisions and regulations, stating that "the lack of transparency and clarity in banking and financial decisions and regulations exacerbates business challenges."
- **RAW MATERIAL AND SUPPLY CHAIN ISSUES:** Fluctuating raw material prices and difficulties in securing local supplies significantly increase production costs and disrupt manufacturing processes. As a manufacturer from Idlib highlights, "extreme volatility in exchange rates make it harder for businesses to secure raw materials at stable prices." Moreover, a sweet manufacturer and trader in rural Damascus emphasises the direct impact of shortages in essential local supplies, such as "original butter ghee, original wheat flour, and original pistachio," which lead to a change in product quality. As noted by a manufacturer from Idlib, the shortage of critical raw materials due to fluctuating supply and demand "causes cost instability" and creates barriers to consistent production, thus negatively affecting quality and overall business operations. These issues force businesses to rely on costly imported raw materials, inflating expenses and limiting competitiveness.

⁶ For more information see Jaidaa Ahmad and Menna AlaaEIDin, "Syria's interim president signs deal with Kurdish-led SDF to merge forces", Reuters, March 11, 2025, <https://bit.ly/3XTcgWV>

⁷ Amnesty International, "Syria: Coastal Massacres of Alawite Civilians Must be Investigated as War Crimes", April 3, 2025, <https://bit.ly/4j5KkHV>

⁸ The Syrian Report, "Turkish and Qatari Electricity Ships Not Expected Anytime Soon – Minister of Electricity", January 29, 2025, <https://bit.ly/4j7X2WG>

- **SYRIAN POUND INSTABILITY AND THE CHALLENGE OF MULTIPLE CURRENCIES:** The instability in Syria’s political, economic, and security sectors, coupled with the implementation of monetary tightening policies, has led to significant exchange rate fluctuations and heightened speculation on the local currency. This volatility of the Syrian pound, alongside the use of multiple currencies like the Turkish lira and US dollar, creates major challenges for business sector. As a factory owner in Idleb highlights, “continuous fluctuations in the exchange rate of the Turkish lira make pricing difficult and increase operational costs,” while “the simultaneous use of multiple currencies (Turkish lira, US dollar, Syrian pound) adds further complexity.” Another manufacturer in Idleb similarly notes that “price fluctuations due to currency instability” disrupt market conditions. Additionally, a trader from north Syria emphasizes how inflation and currency depreciation weaken purchasing power, “citizens’ income has not improved quickly enough after the fall of the regime, limiting demand for certain products, “while rising prices for imported goods “further weaken purchasing power.”
- **DECLINING CONSUMER PURCHASING POWER:** Economic hardships have significantly reduced consumer spending, making it difficult for businesses to sustain demand. As a manufacturer from Idleb explains, “the most significant challenge affecting most businesses is the deteriorating economic conditions of the population, reducing their purchasing power.” With rising inflation and stagnant incomes, many consumers struggle to afford even essential goods, further straining local markets and limiting business growth.
- **IMPORT COMPETITION:** The local producers face growing competition from cheap imports, particularly from Turkey. These lower-priced foreign goods make it challenging for domestic industries to compete. As an owner of a clothing workshop points out, “local clothing workshops cannot compete with imports in terms of prices.” The influx of cheaper alternatives undercuts local businesses, threatening their survival and further weakening Syria’s already fragile industrial sector. Reflecting this trend, Turkey’s exports to Syria in the first quarter of 2025 amounted to nearly USD 508 million, representing a growth of 31.2% compared to the same period in 2024 (nearly 387 million), according to the Turkish Ministry of Trade⁹.
- **TECHNOLOGY AND SKILL GAPS:** The 14 years of conflict have left Syria with a severe shortage of skilled labour and widening technology gap, both of which hinder economic recovery. A business expert points out that “the structural imbalance in the labour market, especially in technical fields, is an ongoing issue,” further complicating efforts to rebuild key industries. Migration and weak training systems have deepened the knowledge gap in different economic sectors such as food, textiles, and pharmaceuticals. At the same time, businesses struggle to modernise due to limited access to updated technology, machinery and spare parts. An owner of sweet factory notes, “Businesses face significant hurdles in upgrading their technology infrastructure due to financial constraints and lack of expertise”. Sanctions, over-compliance, and import restrictions further limit businesses access to essential tools, forcing many to rely on outdated systems that reduce productivity and competitiveness.

DESPITE THESE CHALLENGES, SEVERAL AREAS OF OPPORTUNITY HAVE EMERGED IN THE POST-ASSAD CONTEXT:

- **Reconstruction and Infrastructure Development:** Potential reconstruction process will create demand for building materials, housing, and public utilities, providing significant business opportunities. A businessperson from Aleppo highlights that “the reconstruction sector is a major growth driver, particularly in construction and related industries.” A trader and an owner of engineering company adds that “the demand for building materials and public utilities continues to rise, making this sector a focal point for investment.”
- **Expansion of local production:** Import disruptions have renewed interest in strengthening local manufacturing. Sectors such as food processing, textiles, and spare parts production have the potential to grow. Many experts emphasize the potential for growth in import substitution and the development of local value chains and regional integration after the fall of the Assad regime, making local industries more competitive, and therefore, attractive. A food manufacturer in Northeast Syria notes that “availability of some local agricultural raw materials such as wheat and cotton can reduce production costs if invested in properly.”
- **Digital trade:** The rise of E-commerce and digital platforms has opened new avenues for business expansion, allowing companies to reach a broader customer base without heavy investment in physical infrastructure. A trader in textile business highlights “leveraging e-commerce to expand the customer base” as a key strategy for overcoming logistical and operational challenges. An agri-food manufacturer shares that “the growing demand for e-commerce offers businesses a chance to reach wider markets without requiring extensive infrastructure.”
- **Trade relations and foreign investment opportunities:** Despite challenges, Syria’s trade relations with neighbouring countries, particularly neighbouring countries, Gulf countries and EU countries, present opportunities for investment and market expansion in post-Assad era. A business consultant in Aleppo mentions “positive developments in Syrian Turkish trade relations,” which could lead to new business partnerships. A mineral water plant owner in Idleb adds that “the elimination of government restrictions on permits and licenses allows businesses to expand and tap into new markets.”

Many experts have noted that the current authority in Damascus adopting a free-market economy could positively impact businesses. However, many also emphasize the need to encourage and protect micro, small and medium enterprises (MSMEs) from competition, as they struggle with competitiveness after 14 years of conflict, destructions and sanctions.

⁹ Cited in Panjare, “Turkey’s Export to Neighbors Rises; Iraq and Syria Lead as Top Destinations”, April 10, 2025, <https://bit.ly/44nffuG>

B. KEY VALUE CHAINS

Based on the insights gathered from interviews with various stakeholders, several key criteria have been identified to guide the selection of value chains that can drive sustainable economic development in Syria. The identified criteria are highly aligned with the literature on value chain selection and development, emphasising their potential for positive economic and social impact.

- **ECONOMIC FEASIBILITY AND PROFITABILITY** are essential the value chain must be financially sustainable, ensuring profitability for all stakeholders. It should contribute to increasing economic activity and generating sustainable profits. Additionally, the price structure should support affordability for local consumers while maintaining competitiveness against imported alternatives. As sweet factory owner noted, “Profit and price structure are the main drive behind the sustainability of the value chain at this present time.”
- **JOB CREATION AND SOCIAL IMPACT** are also essential considerations. The selected value chains should create widespread job opportunities for male and female. They should support local livelihoods and improve living standards. The supply chain should be inclusive, supporting pro-poor markets and offering employment at various stages from production to marketing. As an agri-food factory owner emphasized, “the supply chain should positively impact the local community by improving living standards through job creation.”
- **REDUCING IMPORT DEPENDENCY AND ENHANCING LOCAL VALUE** are strategic priorities. Priority should be given to value chains that rely on locally available raw materials. Reducing reliance on imports enhances self-sufficiency and strengthens national industries. A manufacturer and trader in Damascus highlighted this need, stating, “reducing dependency on imports and enhancing local value in national industries” is crucial for addressing trade balance deficit and easing pressure on the Syrian pound, while also contributing to sustainable development.
- **COMPETITIVENESS AND MARKET ACCESSIBILITY** must also be considered. The product must have competitive potential in local, regional, or international markets. It should be feasible to access markets with minimal logistical and regulatory barriers. Value chains with export potential should be prioritized. A business consultant supported this, noting the importance of “potential for expansion and export to neighbouring or global markets.”
- **INTEGRATION WITH OTHER SECTORS** is a key factor. Value chains that stimulate production in other sectors and create linkages across industries should be favoured. They should have the potential to connect various geographic regions, promoting economic integration. As an owner of mineral water plant stated, “stimulating other sectors across different regions creates a broader economic impact.”
- **FEASIBILITY UNDER CURRENT CONDITIONS** is another critical aspect. The value chain must be capable of operating under Syria’s current economic and security conditions. It should not require excessive investments or scarce resources that are difficult to obtain. The availability of necessary expertise and production infrastructure should also be considered. A trader in Northeast Syria pointed out the need for “feasibility in current conditions to ensure the success of the project in the present situation.”

Accordingly, this analysis identifies products and services that meet each of the following criteria, based on insights from key informants: profitability, job creation, added value and reduced external dependency, cross-regional value chains, and feasibility under current conditions. It is worth noting that the key informants identified goods and services that better meet each of these criteria compared to others. The report also recognises that each good or service has its own value chain, although certain services, such as transportation, may be considered supporting functions for other value chains.

1. PROFITABILITY AND ECONOMIC FEASIBILITY

The key informants provided various insights on profitable sectors in Syria, focusing on industries with local demand, export potential, and sustainability. The following is a breakdown of the identified sectors:



AGRICULTURAL AND FOOD PRODUCTS

The availability of fertile land and strong local demand for agricultural products, such as wheat, corn, and soy beans, makes agriculture a crucial sector. This sector could be highly profitable with proper infrastructure, reduced dependency on imports and further export opportunities as well. There is also a high demand for processed food like dairy products, canned goods, and preserves, utilizing local crops, making this a profitable area. A mineral water plant owner in Idleb states, “The availability of fertile land makes agricultural investments low-cost and highly profitable.” The food industry is essential as it always remains in demand, even during crises, making it a relatively stable economic sector. A trader from North Syria adds, “The food sector is the most stable, as demand for basic food products is not as severely affected by crises as other sectors.”



TEXTILE, GARMENT, AND LEATHER INDUSTRY

The revival of the textile sector - especially cotton farming, which faces significant challenges such as water scarcity- and its processing is seen as a profitable opportunity due to Syria’s historical expertise in textiles, local raw materials, and export potential. A trader from North Syria mentions, “The textile sector can be revived with local materials... there is demand both locally and internationally.” Leather goods are emphasised as part of Syria’s strong industrial heritage. The leather sector can be revived using locally sourced materials, and there is demand both locally and internationally. This sector offers opportunities for local value additions, low production costs and export potential, ensuring long-term profitability. The same trader from North Syria notes, “Leather goods can also be produced at low costs and serve both local and international markets.”



MEDICAL EQUIPMENT AND PHARMACEUTICALS

Many key informants emphasise the continuous demand for pharmaceuticals, locally and for export. The need for essential medical supplies and the opportunity to revive Syria's pharmaceutical sector suggests strong profitability. An owner of a manufacturer in rural Damascus explains, "Pharmaceutical products... significant potential for profitability and sustainability due to continuous demand and export opportunities." Additionally, there is high demand for medical devices like blood pressure monitors and sterilization tools as Syria rebuilds its healthcare system, making these profitable sectors. A manufacturer of medical equipment adds, "There is an increasing domestic demand for the basic medical equipment amidst efforts to rebuild the healthcare sector."



TECHNOLOGY AND DIGITAL SERVICES

The increasing reliance on tech solutions, digital services, and e-commerce creates opportunities, especially considering the growing tech skills among Syrian youth. Minimal infrastructure requirements further enhance profitability. A manufacturer and trader based in Damascus highlights, "The technology and digital services sector could be profitable given the increasing demand for tech solutions and remote work." Key informants also highlight solar and wind energy as promising sectors due to growing demand for sustainable energy solutions amid unstable electricity supply. A mineral water plant owner in Idleb states, "Due to unstable electricity supply, there is a growing demand for solar energy to power homes and factories."



TRADITIONAL AND SMALL-SCALE MANUFACTURING

Sectors such as traditional sweets, desserts and natural soap production (laurel soap) are considered profitable because they leverage local expertise, natural resources, and have high export potential. An agri-food factory owner in Idleb mentions, "Natural Soap Production (Laurel Soap, Traditional Aromatic Soap) making it easier to market as an authentic product." Products like detergent, cosmetics, and leather goods can also be produced at low costs and serve both local and international markets. The leather sector, in particular, benefits from Syria's tradition in leatherwork and the availability of local materials.



CONSTRUCTION AND BUILDING MATERIALS

The demand for construction materials like cement, bricks, and steel is high due to post-war reconstruction needs. A mineral water plant owner in Idleb explains, "Post-war reconstruction requires significant investments in housing and infrastructure, driving high demand for construction materials." Local raw materials such as stone and sand help reduce costs, contributing to financial sustainability. The mineral water plant owner in Idleb further adds, "Locally available raw materials... help reduce production costs."



OTHER BUSINESSES

One key informant mentions recycling activity as the high cost of raw materials makes the recycling of plastics and metals an attractive investment. A trader and owner of an engineering company states, "Recycling of plastics and metals offers a good opportunity due to the high cost of raw materials." Imports are restricted, and recycling projects create local value and reduce costs. Another expert highlights the importance of tourism. Despite recent setbacks, the tourism sector holds promise, especially with the possibility of attracting visitors from neighbouring countries. A business consultant in Aleppo mentions, "The tourism sector is also very promising, especially for the upcoming summer." A strategic revival plan could make it a profitable industry to attract Syrian diaspora and foreign visitors in the near future.

2. JOB CREATION

Key informants identified several goods and services high potential for job creation, focusing on sectors that stimulate economic activity and support multiple industries. Their selections were based on the potential of these sectors to generate employment across different skill levels, regions, and demographics, ensuring sustainable economic recovery.



AGRICULTURAL AND FOOD PRODUCTS

Agriculture and livestock were consistently highlighted as foundational sectors for job creation because of their role in food security and raw material production. Expanding the cultivation of crops such as corn and lowers feed costs, strengthening the poultry and livestock industries while generating employment in farming, processing, and agricultural supply chains. An owner of a poultry farm in Northeast Syria explains, "Agriculture represents the cornerstone for multiple sectors such as food industries and livestock. Cultivating corn can reduce feed costs and boost the poultry and livestock sectors, creating job opportunities."

Food industries are consistently identified as major job creators due to their strong link to agriculture and their ability to generate employment across multiple stages of production. By providing stable markets for farmers, they stimulate agricultural growth and create jobs in farming, food processing, packaging, transportation, and distribution. The industry supports both urban and rural employment, offering opportunities for men and women alike. Specific subsectors, such as dairy and cheese production, dried foods, and traditional sweets, are highlighted for their potential to expand domestic and export markets, further increasing job opportunities. An agri-food factory owner in Idleb notes, "The food industry stimulates the agricultural sector by providing stable markets for farmers and creating jobs in production, packaging, transportation, and distribution."



TEXTILE, GARMENT, AND LEATHER INDUSTRY

This sector was identified as one of the most promising for large-scale job creation, particularly for women. Before the war, this industry was highly profitable, and informants believe that with sufficient investment, it could regain its strength. The sector creates employment across the supply chain, including cotton farming, yarn production, dyeing, garment manufacturing, leather processing, shoe and bag production, printing, embroidery, and distribution. Revitalizing this industry would provide large-scale and diversified (both skilled and non-skilled) employment and contribute to economic recovery. An owner of a clothing workshop in rural Damascus emphasizes, “Developing the textile industry creates job opportunities in multiple sectors, from cotton farming to dye production and chemical industries, all of which contribute to boosting the local economy.” A manufacturer and trader in rural Damascus states echoed this, stating, “The clothing and garments industry used to be very profitable before the war and can return if there is enough investment, particularly creating opportunities for female workers.”



CONSTRUCTION AND BUILDING MATERIALS

Construction and building materials are recognised as crucial to job creation due to their role in infrastructure development and reconstruction. Increased demand for cement, steel, and other building materials stimulates related industries, creating employment in mining, manufacturing, engineering, and construction. This sector has the potential to absorb a large workforce, particularly as rebuilding efforts could be accelerated. A manufacturer and trader based in Damascus explains, “Reconstruction and construction boost the demand for building materials, such as cement and steel, and create jobs in the construction and engineering sectors.” Similarly, a businessman in contracting and oil also added “I believe that the reconstruction sector will witness a boom in the coming period and can employ a relatively large workforce.”



LOGISTICS, TRANSPORTATION, AND DIGITAL TRADE

Logistics, transportation, and e-commerce are highlighted for their role in facilitating trade, supporting supply chains, and expanding digital employment opportunities. The growing need for efficient transportation and delivery services creates jobs for drivers, warehouse workers, and logistics specialists. E-commerce platforms also provide employment in digital marketing, online economic activities, and customer service, supporting both small businesses and large-scale retail operations. A manufacturer and trader based in Damascus points out, “Logistics services and e-commerce support the transportation and delivery sector and provide job opportunities for both men and women in logistics and technology.”



VOCATIONAL TRAINING AND EDUCATION SERVICES

Vocational training and education services are seen as essential for job creation, as they equip young people and women with the skills needed to enter the labour market. Training in practical trades such as electrical work, air conditioning, cosmetology, sewing, and nursing prepares individuals for employment or

entrepreneurship. Additionally, e-commerce and entrepreneurship training help individuals start small businesses, further boosting employment in various sectors. A trader and owner of an engineering company stresses the importance of vocational education, stating, “If the goal is to stimulate production and create job opportunities, it is best to focus on education and vocational training, such as institutes that teach practical skills like electrical work, air conditioning, sewing, and cosmetology. These initiatives help both young people and women enter the job market.”

OTHER BUSINESSES

HEALTHCARE SERVICES are identified as a growing sector with high employment potential. With increasing demand for healthcare professionals, training programs for medical staff and caregivers create new job opportunities while addressing essential public health needs. A trader and an owner of an engineering company notes, “The healthcare sector, particularly training for nursing assistants and home care providers, is essential. Preparing staff to work with the elderly and patients in their homes offers significant value.”

TOURISM AND HOSPITALITY are highlighted for their potential to generate employment, particularly as the country sees an increase in returning expatriates. This sector creates jobs in hotels, restaurants, transportation, and tour services, while also supporting local artisans and handicraft producers. Despite its potential, informants note that significant investment in human resources and infrastructure is needed to fully capitalize on job opportunities in this field. A trader in medical equipment observes, “Tourism is a key and promising industry, especially with the expected visits of Syrian expatriates during the summer. It is a major employer but faces many challenges, particularly in terms of human resources.”

RECYCLING (PLASTIC AND METAL) is another sector identified as a sector with strong job-creation potential, as it not only reduces waste but also supplies raw materials for manufacturing industries. Employment opportunities exist at multiple levels, including waste collection, sorting, processing, and repurposing recycled materials into new products. This sector also aligns with environmental sustainability goals while fostering industrial growth. An agri-food factory owner in Idleb emphasizes, “Plastic and metal recycling supplies raw materials for manufacturing industries and generates employment in collection, sorting, and processing.”

RENEWABLE ENERGY is also seen as an important source of employment, particularly in the installation, maintenance, and distribution of solar panels and alternative energy systems. As energy infrastructure expands, more jobs are created in manufacturing components, assembling solar units, and providing technical support for households, businesses, and farms. Renewable energy projects also support agricultural and industrial sectors by reducing dependence on traditional power sources. A trader from North Syria points out, “Alternative energy drives the electrical and agricultural industries, creating sustainable job opportunities.” Similarly, a mineral water plant owner in Idleb notes, “Solar panels improve energy infrastructure and support factory operations, making them a promising sector for employment.”

3. ADDED VALUE AND REDUCED EXTERNAL DEPENDENCY

Key informants identified several sectors with strong potential to create value-added products, reduce external dependency, and contribute to Syria's long-term economic recovery. These sectors range from agriculture to manufacturing and services.



AGRICULTURAL AND FOOD PRODUCTS

Key informants emphasise the importance of local agricultural products in ensuring food security and reducing dependency on imports. Wheat and barley are essential crops that can be grown using water-efficient methods, contributing to both local food production and reducing the need for imports. The development of wheat derivatives such as bread, pasta, and bulgur significantly reduces Syria's reliance on imported products. Local food processing industries, such as those producing canned goods like tomato paste, jams, and beans, also play a crucial role in this strategy. "These products offer high quality at competitive prices, reducing the need to import canned goods," says an agri-food factory owner in Idlib. By processing local crops into value-added products, Syria strengthens its agricultural and industrial economy while promoting food self-sufficiency. As another informant added, "Encouraging the consumption of locally produced food contributes to self-sufficiency and reduces dependence on imports,".

Moreover, local production of agricultural inputs, such as animal feed, is essential for reducing reliance on foreign markets. By producing feed locally, Syria supports the livestock, dairy, and meat production sectors, which are integral to both the agricultural economy and food security. "It reduces reliance on imported feed, lowering livestock farming costs," says the president of the chamber of industry and commerce in the Al-Bab region, north of Aleppo. This insight underscores the importance of local manufacturing in driving down operational costs and improving self-sufficiency. Moreover, the production of locally made fertilizers and pesticides further strengthens Syria's agricultural sector by reducing dependence on imported agricultural chemicals. "Locally produced fertilizers and pesticides support agricultural production and lower costs," says a mineral water plant owner in Idlib, offering a pathway for more sustainable farming practices.



TEXTILE, GARMENT, AND LEATHER INDUSTRY

The textile, garment, and leather industries hold strong potential for reducing dependency on imported products while integrating multiple sectors. The key informants highlight that Syria has an established history in textile and leather manufacturing, which can be revitalized with the right investments. "Syria has extensive experience in textile industries and garment manufacturing," says a manufacturer and trader based in Damascus, and this experience extends to leather production as well. The leather industry, in particular, is seen as a strong contributor to the local economy, with opportunities for local tanning and processing. By developing locally produced leather goods, Syria reduces reliance on imported leather products, such as shoes and bags, and caters to both domestic and export markets.



MEDICAL EQUIPMENT AND PHARMACEUTICALS

The medical equipment and pharmaceutical sectors are also crucial for reducing Syria's dependency on imports, particularly in light of international restrictions and sanctions. By producing medical equipment locally, Syria ensures better access to essential supplies while fostering domestic manufacturing capabilities. "Producing this equipment locally reduces dependence on imports, especially amidst international restrictions and sanctions," says a manufacturer of medical equipment. Additionally, developing the local pharmaceutical sector not only reduces reliance on imported medicines but also helps create skilled job opportunities and strengthen health security. One informant notes that "The pharmaceutical and essential medical supplies industry reduces dependence on imported medicines," says the president of the chamber of industry and commerce in Aleppo, highlighting the importance of local production in meeting national healthcare needs.



HANDICRAFTS AND TRADITIONAL LOCAL PRODUCTS

The handicraft sector —especially leather goods and traditional soap— holds significant promise for generating export revenues and reducing dependency on imported goods. Syrian handicrafts, known for their traditional craftsmanship and use of locally sourced materials, are highly valued in global markets. As one informant puts it, "Syrian handicrafts have a strong reputation in global markets, presenting an opportunity for export," says an owner of a clothing workshop in rural Damascus. By focusing on the production of these products, Syria reduces its reliance on foreign-made goods while simultaneously preserving its cultural heritage and capitalizing on global demand.

OTHER BUSINESSES

Investing in **RENEWABLE ENERGY** solutions, particularly solar power, is another crucial step towards reducing dependence on imported electricity. This sector has the potential to provide sustainable energy and local job opportunities. By increasing the installation and maintenance of solar panels, Syria reduces its reliance on imported electricity and fuel while supporting local industries. Additionally, renewable energy projects can support agricultural practices by reducing dependency on traditional power sources, making the energy sector an important avenue for both environmental sustainability and economic growth.

The local **PRODUCTION OF CONSTRUCTION MATERIALS** is another area where Syria can reduce dependency on imported goods. By sourcing materials locally, Syria lowers reconstruction costs and stimulates the local contracting sector. As one informant explains, "Locally sourced construction materials lower reconstruction costs and boost the contracting sector," says a mineral water plant owner in Idlib. The production of blacksmithing equipment and industrial tools within Syria also contributes to reducing external dependency. "Locally producing this equipment contributes to strengthening the local economy," says a manufacturer of medical equipment, further supporting the country's efforts to rebuild its infrastructure and economy.

4. CROSS-REGIONAL VALUE CHAIN POTENTIAL

Several goods and services identified by key informants demonstrate strong cross-regional value chains potential. These sectors connect different geographic regions, support economic cooperation, and enable more equitable development.



AGRICULTURAL AND FOOD PRODUCTS

Agricultural products, particularly grains like wheat and barley, have significant cross-regional value chain potential. They grow in rural areas and are transported to urban centres for processing. One informant, a manufacturer and trader based in Damascus, says, "Agriculture is the best industry to reconnect regions inside Syria." Food processing industries, such as those producing canned goods and juices, play a key role in enhancing local economies and reducing dependence on imported products. For example, an agri-food factory owner in Idleb explains, "Canned agricultural products, like tomatoes and fruits, are sourced from various agricultural regions and processed into products for both local and international distribution." The connection between rural agricultural regions and urban manufacturing areas promotes economic cooperation and the exchange of raw materials, strengthening the local food economy.

The food industry connects agricultural production regions with processing facilities and distribution networks. Local food products such as cereals, vegetables, and dairy come from different areas and are processed in industrial centres like Aleppo and Damascus. As a business consultant in Aleppo observes, "The food industry links agricultural production areas with food processing facilities and distribution networks." This interconnectedness boosts local economies, as processing centres in regions like Idlib and Aleppo serve both local and international markets. Furthermore, expanding this sector supports rural development, reduces Syria's reliance on imports and potentially boost export.



TEXTILE, GARMENT, AND LEATHER INDUSTRY

This sector integrates agricultural raw materials, such as cotton and animal hides, with industrial production centres such as urban manufacturing hubs, where products are processed and distributed. Cotton, grown in regions such as Hasakah and Deir ez-Zor, is transported to textile factories in Aleppo for spinning and garment manufacturing. Likewise, leather, often sourced from Northeast Syria, is processed into various leather goods. One informant emphasizes, "Textile value chains connect cotton-growing regions with yarn production areas, fabric manufacturing hubs, garment tailoring zones, and leather processing areas."

There is also potential to create a Syrian fashion brand that leverages home-based production and rural craftsmanship using local raw materials and thus supports both economic and social development. As a trader and an owner of an engineering company points out, "Creating a Syrian fashion brand would benefit from local raw materials and craftsmanship, supporting home-based workshops in rural areas."



MEDICAL EQUIPMENT AND PHARMACEUTICALS

The medical equipment and pharmaceutical industries benefit from cross-regional connections, particularly as raw materials for these products are sourced from different regions. Medical equipment manufacturing requires cooperation between regions such as Aleppo, Damascus, and Homs, which supply materials for production. "Medical equipment production requires the supply of raw materials from various regions, which enhances economic cooperation between these areas," states a manufacturer of medical equipment. Additionally, local production of pharmaceuticals, including essential medical supplies, reduces reliance on imports, improving the national healthcare system. The distribution of both medical equipment and pharmaceutical products across regions ensures better access to essential health services.



HANDICRAFTS AND LOCAL PRODUCTS

Leather goods and handicrafts offer significant potential for export and local economic growth. Leather plays a key role in the production of high-quality goods such as shoes, bags, and belts. These handmade products are highly valued both in national and international markets. One informant highlight, "Syrian handicrafts, particularly leather goods, have a strong reputation in global markets, presenting an opportunity for export," says a trader in medical equipment. Supporting the local production of leather goods not only strengthens cultural heritage but also provides opportunities for economic growth and connecting different Syrian regions together..

OTHER BUSINESSES

The building materials sector is essential for Syria's reconstruction efforts, connecting regions that supply raw materials with manufacturing centres and construction sites. Raw materials such as cement, bricks, and tiles are sourced from northern Syria and processed in factories in Aleppo and Idlib. These materials are then distributed to reconstruction sites across the country. As a business expert in Damascus points out, "Locally sourced building materials lower reconstruction costs and boost the contracting sector." The production of blacksmithing tools, which relies on regional supply chains, further strengthens the local economy by providing essential equipment for the construction industry.

The digital trade sector in Syria also connects various regions, promoting the movement of goods across the country and facilitating local and international trade. The fashion and textile industries, which rely on raw materials from different regions, can benefit from e-commerce platforms that sell products locally and internationally. As a businessman in contracting and oil notes, "Creating an online platform for Syrian fashion brand that supports home-based workshops and sewing ateliers in rural areas can help expand production." The digital economy also supports various sectors by providing platforms for trade, logistics, and distribution, further integrating Syria's regional economies.

5. FEASIBILITY UNDER THE CURRENT CONDITIONS

Key informants identified these sectors as the most feasible for implementation under Syria's current economic and security conditions. These sectors rely primarily on local resources, draw upon existing expertise, and address strong domestic demand. Despite widespread challenges, the following sectors are seen as capable of functioning effectively and delivering impact in the near term.



AGRICULTURAL AND FOOD PRODUCTS

Agriculture remains a cornerstone of the Syrian economy, with well-established internal value chains that ensure sustainability. Many key informants emphasize the importance of using locally available raw materials to support food production. An agri-food factory owner in Idleb highlights that processing local agricultural crops into canned food “reduces waste and increases economic benefits” while ensuring longer storage periods, making distribution easier under challenging conditions. Similarly, a poultry farm owner in Northeast Syria stresses that “supporting agriculture means supporting industry,” emphasizing how local food production can strengthen the entire economy. Dairy, bread, flour, and olive oil are particularly viable, as a manufacturer in Idleb notes, “there is high local demand, and these products can be produced with domestic resources.” The feasibility of these industries is further reinforced by the president of the chamber of industry and commerce in the Al-Bab region, north of Aleppo, who mentions that canned food and flour production “can be manufactured locally and are easy to store and transport across regions,” making them highly practical in Syria's fragmented market.



TEXTILES, LEATHER, AND GARMENT MANUFACTURING

The textile sector has a long history in Syria and remains viable due to the availability of local fabrics, leather, and skilled labour. An owner of a clothing workshop in rural Damascus points out that “products that rely on locally sourced raw materials, such as women's clothing and handicrafts, reduce production costs and ensure a steady supply during difficult conditions.” This view is echoed by a factory owner in Idleb, who suggests expanding the industry through tailoring and embroidery workshops, taking advantage of existing expertise. Leather production is also a promising sector, as a trader and owner of an engineering company explains, “utilizing locally sourced leather for shoe and bag manufacturing can add value to domestic production while reducing the negative impact of potential challenges.” Given the relatively low technological requirements, textile and leather manufacturing can be restarted quickly without large infrastructure investments.



MEDICAL EQUIPMENT AND PHARMACEUTICALS

The healthcare sector presents opportunities in the manufacturing of essential medical supplies, as a manufacturer of medical equipment points out, “simple medical tools do not require complex technologies and can be manufactured and distributed under the current conditions.” This is critical given Syria's reliance on imported medical goods, which are often costly and difficult to obtain. A manufacturer in Idleb similarly highlights the importance of medical supplies, including sanitizers and masks, as “they rely on local resources and meet an ongoing need.” Investing in pharmaceutical production can also contribute to economic stability and public health security as essential medicines are consistently in demand and can be produced with minimal technological requirements.



HANDICRAFTS AND ARTISANAL PRODUCTS

Handicrafts hold cultural and economic value and can be exported through digital platforms. A manufacturer and trader based in Damascus suggests that “handicrafts and artisanal products can be distributed through e-commerce platforms,” making them an ideal product for online sales without being highly affected by the challenging business environment. An owner of a clothing workshop in rural Damascus agrees, emphasizing that “handicrafts require little technological investment and can be made from locally sourced materials.” This sector also benefits from existing skills among the workforce, ensuring that production can begin with minimal training. The combination of low-cost production and international market potential makes handicrafts a practical and sustainable industry within the current conditions.



DIGITAL AND ONLINE SERVICES

The shift toward digital services is a practical solution to Syria's logistical challenges. A manufacturer and trader based in Damascus sees potential in digital industries, stating that “some digital services, such as programming and design, do not require complex physical infrastructure,” making them ideal for the current situation. Online service is another promising sector, as a trader from North Syria highlights, “due to the difficulty in accessing traditional markets, online platforms and delivery services are necessary to keep businesses running.” A trader and owner of an engineering company reinforces this idea, suggesting that “developing local electronic platforms to connect sellers with buyers can facilitate trade despite mobility challenges.” With a growing number of internet users and limited physical market access, digital commerce presents a scalable opportunity for entrepreneurs.

OTHER BUSINESSES

The energy crisis has elevated the urgency of alternative energy solutions an urgent priority. The president of the chamber of industry and commerce in the Al-Bab region, north of Aleppo emphasizes the importance of solar energy, stating, “there is an urgent need for energy due to weak electricity supply, and some components can be manufactured locally.” The feasibility of solar energy is reinforced by a trader in medical equipment, who argues that the industry should be strategically linked to resource-rich regions, particularly in the Syrian desert, to reduce costs and improve efficiency. Similarly, a trader from North Syria points to the necessity of alternative energy sources, stating that “due to the electricity crisis and the need for sustainable solutions, solar power and biogas are among the most feasible investments.” Since energy shortages affect all sectors, small-scale renewable energy solutions are among the most practical interventions in the current context.

C. SELECTED VALUE CHAIN

While all products and services mentioned by the key informants have potential in Syria; the focus of this study is on five key criteria, with greater emphasis on goods and services that support cross-regional value chains. Additionally, the study considers Syria’s current economic conditions and the urgent need for food and agriculture-related products. The food industry is a critical sector for development and plays a pivotal role in supporting cross-regional value chains. Syria continues to face significant challenges, notably a severe drought that has persisted since 2021¹⁰. This ongoing drought has led to reduced agricultural productivity and heightened food insecurity. However, the food industry has demonstrated resilience, performing relatively well compared to other manufacturing sectors. It continues to boost local economies and remains the primary sector exporting goods to neighbouring countries. Based on these factors, the study identifies the following three goods:

1. CANNED FOOD PRODUCTS

The canned food sector holds good potential for Syria’s economic recovery, leveraging domestic and international demand, locally sourced crops, and value-added processing. Its ability to transform raw agricultural products into long-shelf-life goods makes it a profitable and sustainable industry. Moreover, by strengthening local production, the sector can reduce reliance on imports and enhance food security. However, despite its advantages, the industry has faced considerable setbacks during the conflict.

¹⁰ United Nations Office for the Coordination of Humanitarian Affairs, “Syria: Drought -2021-2024”, ReliefWeb, April 2025, <https://bit.ly/3G2j2Dw>

The sector has experienced a substantial decline in gross product and employment throughout the years of conflict. In 2010, its gross product stood at 9.2 billion SYP (USD 195.7 million), but it had contracted by 32% in 2024. The sharpest drop occurred between 2010 and 2018, followed by smaller fluctuations, indicating persistent economic and structural challenges. While there were brief periods of relative recovery between 2018 and 2021, the sector has struggled to regain stability. Employment losses have the same trend, with the workforce shrinking from nearly 6,000 in 2010 to less than 4,000 by 2024¹¹. This decline highlights the urgent need for targeted policy measures and strategic investments to revitalise the industry.

Despite these challenges, the canned food sector remains a key element of the food industry, offering inherent stability, even during crises. This sector is also a major potential job creator, stimulating agricultural growth by providing stable markets for farmers and generating employment in various stages of production, including farming, processing, packaging, transportation, and distribution. Furthermore, local canned food processing industries, such as those producing tomato paste, jams, and beans, can play a critical role in reducing the need to import canned goods, offering competitive prices and promoting greater self-sufficiency. The cross-regional value chain involves farmers across various regions growing crops, transportation networks distributing them to processing plants, and retailers making the final products available nationwide.

2. DAIRY PRODUCTS

The dairy sector, deeply linked to Syria’s livestock resources, represents a crucial area for economic recovery and development. The strong demand for processed dairy products, such as cheese and yogurt, creates significant opportunities for profitability and boosting local economies by utilizing locally produced milk. Expanding domestic production and tapping into export markets could not only enhance revenues but also generate much-needed employment. However, the sector’s potential is constrained by the challenges it has faced in recent years.

During the conflict, Syria’s dairy industry experienced a sharp decline, disrupting production and employment. In 2010, the sector’s gross product, measured in constant 2010 prices, stood at 18.5 billion SYP (USD 396.6 million). The early years of the conflict saw a steep downturn, followed by fluctuating growth. By 2024, the sector’s total output had contracted by 25% compared to its 2010 level. Employment also suffered, with over 3,000 jobs lost, reducing the total workforce from approximately 11,500 in 2010¹². This decline underscores the need for revitalization efforts to restore the sector’s capacity and rebuild its workforce.

A key factor in this recovery lies within the dairy value chain, which connects rural livestock farmers to urban consumers. Livestock farmers raise cattle, sheep, and goats, supplying milk to collection centres and processing plants that produce high-value dairy products. By strengthening this chain and improving production efficiency, Syria can maximize its local resources, enhance food security, and reinvigorate its agricultural economy, positioning the dairy sector as a driver of sustainable economic growth.

¹¹ The analysis of gross product and employment in the selected products is based on the authors’ calculations using the 2011 Industrial Sector Survey and the 2023 Statistical Abstract, issued by the Central Bureau of Statistics, Damascus, Syria.

¹² Ibid

3. LEATHER GOODS

The leather goods sector holds significant potential for Syria's economic revival, capitalising on the country's livestock resources. With relatively low production costs and access to local and international markets, the industry can leverage Syria's long-standing expertise in leatherwork to generate substantial profitability. By utilising locally sourced raw materials and strengthening its industrial base, the sector could play a key role in boosting local economies. However, realising this potential requires addressing the severe setbacks the industry has faced in recent years.

The leather industry has experienced a severe decline during the conflict, with its gross product shrinking from 11 billion SYP (USD 234 million) in 2010 to 40% less by 2024 (in constant 2010 prices). The sharp drop in the early years of the conflict underscores the industry's vulnerability to economic downturns. Although the decline slowed after 2020, the lack of a meaningful recovery points to deep-seated structural challenges. Employment losses have mirrored this trend, with the workforce contracting from 13,600 in 2010 to 9,100 workers in 2024, reflecting a loss of approximately 4,500 jobs.¹³ Persistent weaknesses, including declining competitiveness, limited investment, outdated technology, and poor infrastructure, such as unreliable electricity, water shortages, and inefficient transportation networks, continue to hinder the sector's ability to recover.

Despite these challenges, the leather industry remains a promising driver of job creation across the value chain. Employment opportunities span multiple stages, from livestock rearing and tanneries to leather processing, shoe and bag production, printing, embroidery, and distribution. The sector's cross-regional supply chain, connecting livestock farmers, tanneries, and manufacturing hubs, could enhance economic integration and foster regional connectivity. By revitalising the leather industry, Syria can maximize the value of its local resources, reduce reliance on imports, and capitalise on its traditional craftsmanship to stimulate sustainable economic growth.

13 Ibid

CASE STUDIES



CASE STUDY 1:

SYRIA'S CANNED FOOD SECTOR VALUE CHAIN



The Syrian canned food sector continues to operate across fragmented markets, sustained largely by smallholder farmers, women's labour, and dense informal networks that have substituted for formal structures. Field evidence across the canned food value chain reveals resilience and constraints. Rising input costs, degraded irrigation systems, and unreliable transport have made the sector much less profitable. Moreover, chronic power shortages, currency volatility, and limited finance constrain workshop output and product quality. Domestic demand remains weak, shaped by low purchasing power and intense import competition, making exports the sector's principal lifeline despite banking restrictions, high freight costs, and the absence of recognised certification.

Recovery depends on restoring predictable trade and customs corridors, rehabilitating basic infrastructure, and rebuilding the institutional framework for quality control and financing. Collective procurement, micro-credit for small processors, and targeted support to women-led enterprises could strengthen supply consistency and competitiveness, allowing the sector to move gradually from survival to measured recovery.

A GENERAL OVERVIEW OF THE CANNED FOOD SECTOR IN SYRIA

The Syrian canned food industry—often referred to as the conserve sector (قطاع الكونسروة)—represents a modest but integral component of the agri-food economy. Its history goes back to 1930 when the first Syrian canned food factory was established by Shukri al Quatli who later became the Syrian president in 1943.¹⁴ The tradition of preserving food is deeply rooted in Syria and some traditionally preserved products, such as Makdous, are in high demand inside and outside the country.

Prior to the outbreak of uprising and subsequent armed conflict in 2011, the sector played a modest but stable role in national food security, rural employment, and regional trade. The presence of fertile agricultural zones, particularly in the north and centre of the country, supported the production of legumes, tomatoes, fruits, and olives — essential inputs for canned goods such as fava beans, chickpeas, jams, tomato paste, and pickled vegetables. Livestock farming also supplied a limited but consistent quantity of raw material for canned meat products. The sector relied on a stable base of seasonal agricultural production in areas such as Idlib, Hama, Dara'a, and rural Damascus, it relied on the processing of tomatoes, legumes, olives, and fruits into shelf-stable goods including tomato paste, jams, pickled vegetables, and pulse. It also benefited from a growing network of small and medium-sized processors and expanding regional markets.

¹⁴ "The Canning Factory in Damascus (1934)," Modern Syrian History, July 28, 2022. (in Arabic), available: <https://bit.ly/46vQ3n1>

Before 2011, Syria enjoyed food self-sufficiency and exported processing outputs—including vegetables, legumes, olive products, and preserves—to neighbouring Arab markets. The canned food is a part of agri-food industry, which represented at that time around 30% of manufactured products in the country,¹⁵ and around 10% of Syria’s total exports.¹⁶

Industrial infrastructure in the pre-2011 era included both public sector enterprises such as the General Establishment for Food Industries, and a growing number of private workshops and SMEs. It benefited from the relative ease of domestic transport and access to export markets through Lebanon, Jordan, and Turkey. While not a dominant sector, food canning provided seasonal employment, supported smallholder agriculture, and contributed to national food security and trade.

The eruption of conflict in 2011 caused a dramatic rupture in this trajectory. Agricultural production declined due to destruction of irrigation systems, land abandonment, displacement, and insecurity. Livestock herds were severely reduced, and trade in raw materials became sporadic. Processing facilities across the country were affected by electricity shortages, rising fuel prices, infrastructure damage, and the emigration or displacement of skilled labour. Logistical networks were fractured as control over territory and trade routes became fragmented, making access to inputs and markets highly unpredictable.

International sanctions further compounded these challenges by limiting the import of packaging materials, machinery parts, and financial instruments needed for export. According to estimates from the Syrian Center for Policy Research, cumulative losses in the manufacturing sector exceeded USD 25 billion by 2020, with more than 60% of industrial facilities either destroyed or non-operational.¹⁷ Exports fell sharply: from approximately USD 12 billion in 2010 to around USD 4 billion by 2015—an almost 70% collapse,

affecting food and non-oil exports across sectors.¹⁸

Despite these constraints, the sector demonstrated considerable resilience and adaptability. In regions outside the previous regime control—particularly in the northwest—decentralised networks of small and medium-sized workshops emerged. In the governorate of Idlib, for example, the number of small and medium industrial units was estimated to be around 1000 units in November 2022.¹⁹ These units operated informally, often using family and female labour, and relied on direct sourcing from nearby agricultural producers. This informal resilience enabled local food security and maintained some export flows via Turkey and informal border crossings, particularly to Syrian diaspora communities.²⁰

According to a 2017 World Bank report, it is the disruptions in economic organisation that had been the most important driver of the conflict’s economic impact in Syria, superseding physical damage.²¹ “The conflict has not only ended lives and destroyed productive factors; it has also severely diminished economic connectivity, reduced incentives to pursue productive activities, and broken economic and social networks and supply chains... Without rebuilding economic institutions and restoring economic networks, replacing the capital stock by itself will not go far in helping the economy recover.”²²

Today, as Syria moves toward a fragmented post-conflict phase, the canned food sector remains constrained by environmental issues, macroeconomic instability, regulatory disarray, infrastructure decay, and the absence of coordinated trade policy. Nevertheless, it retains significant potential as a source of employment, rural value addition, and regional trade. Revitalizing this sector requires targeted investment in infrastructure, input supply chains, certification systems, and trade facilitation, as well as the formalisation and integration of the informal networks that sustained it through the conflict years.

15 The Syria Report, “UNIDO Implements Moscow-funded Project to Develop Syria’s Agro Food Sector”, December 23, 2023, <https://syria-report.com/unido-implements-moscow-funded-project-to-develop-syrias-agro-food-sector/>
 16 World Integrated Trade Solution (WITS): Syrian Arab Republic Product Exports, <https://wits.worldbank.org/CountryProfile/en/Country/SYR/Year/2010/TradeFlow/Export/Partner/ALL/Product/Total>
 17 Syrian Center for Policy Research (SCPR). Syria: Ten Years On—Socioeconomic Impacts of the Conflict. SCPR, 2020. Available at: <https://scpr-syria.org/publications/policy-reports/syria-ten-years-on/>
 18 The World Bank, A DECADE OF WAR IN SYRIA: THE ECONOMIC SIDE, 2023, available at: https://thedocs.worldbank.org/en/doc/ebb9b060753b7019705d1d4fe9fe2e35-0280032021/original/April-22-Harun-Onder-A-Decade-of-War-in-Syria-The-Economic-Side.pdf?utm_source=chatgpt.com
 19 According to statistics obtained from the Directorate of Industry affiliated with the Salvation Government, there are approximately 1,000 industrial establishments in the governorate of Idlib. These include engineering, food, textile, and chemical industries, blacksmithing, detergent production, carpentry, and car maintenance. See: <https://www.noonpost.com/45646/>
 20 Author’s synthesis based on field research conducted in 2025 and interview data compiled from primary Arabic sources and relevant secondary literature.
 21 The World Bank, Toll of War report, 2017
 22 Ibid

B ANALYSIS OF CANNED FOOD SECTOR VALUE CHAIN

The canned food value chain consists of five main stages/activities, starting with the farming and cultivation of raw materials, followed by collection and transport, then processing and canning operations, and ending with retail trade and finally export. All the information in the subsequent sections is based on key informant interviews with seven experts across the value chain conducted in April-May of 2025 across different parts of Syria. The Diagram (1) below summarises the five stages of the canned food value chain in Syria showing the main actors and examples of outputs.



DIAGRAM 1: ACTIVITIES AND ACTORS ACROSS THE CANNED FOOD SECTOR VALUE CHAIN

01

RAW MATERIAL PRODUCTION

STATUS

Local raw material production is the bedrock of Syria's canned food value chain, underpinning every downstream activity. It encompasses the cultivation of essential crops such as tomatoes, chickpeas, fava beans, lentils, olives, okra, and seasonal fruits, in addition to the rearing of poultry and livestock that supply inputs for canned meat, mortadella, and processed animal-based products. This foundational activity is almost entirely carried out by smallholder farmers and small-scale livestock owners, working on fragmented landholdings. The average size of land holding on a nationwide level was estimated to be 9.2 hectare and 3.6 hectare for irrigated farms in 2014.²³

Many of these farmers operate informally, without access to formal credit, insurance, or extension services. In areas such as Idlib, Hama, Daraa, and rural Aleppo, agricultural production remains the primary source of livelihood, even as it is shaped by multiple constraints—economic, environmental, infrastructural, and conflict-related. “I plant wheat in the summer and barley in the winter, but in good years I grow chickpeas or fava beans for traders who sell them to canning factories,” said one farmer from rural Hama. “But it depends on the market—and on the rain.”

The area of agricultural land in Syria was estimated to be around of 13,864 hectares in 2014. 10% of which is irrigated land and 67% is rain-fed.²⁴ The access

to irrigation infrastructure, especially that part of this infrastructure was destroyed during the conflict. It is estimate by FAO that by 2023 over half of Syria's irrigable land lost access to water due to extensive damage to irrigation systems.²⁵ Where groundwater is available, it is extracted using diesel-powered pumps, yet the soaring price of fuel—due to market volatility and subsidies being removed—has made this option increasingly unviable. Some farmers are using solar energy, which is reducing the running costs, but the upfront cost for solar systems remains a significant barrier for most farmers.²⁶

Fertiliser use has declined dramatically. Chemical inputs such as urea or triple superphosphate are often too expensive or unavailable, forcing farmers to rely on suboptimal practices. Several interviewees mentioned reverting to traditional compost or using minimal fertiliser, which impacts both yield and crop quality. Seed quality is another major concern. The absence of the International Center for Agricultural Research in the Dry Areas (ICARDA) from its Syrian headquarters after the conflict has led to a collapse of the country's certified seed system.²⁷

Farmers were left to reproduce seeds year after year from their own harvests. Access to certified or improved seeds—especially drought-resistant varieties—is limited. Farmers rely heavily on local or

reused seed stock, which exposes them to higher vulnerability from pests, disease, and unpredictable weather patterns.

For livestock producers, challenges are similarly acute. The qualitative information provided by the Interviewees frequently cited there lately high cost and scarcity of animal feed, lack of veterinary services, and limited access to vaccines and medication. “We can't afford to vaccinate the sheep every season. If there's an outbreak, we just lose the animals,” one herder said. “There's no vet nearby anyway.”

According to Interviewees, only an estimated 20–30% of total agricultural and livestock output reaches the canning industry. The rest is consumed locally, sold fresh in regional markets, or stored—when possible—for later sale. The decision to sell to a processor depends heavily on market prices, availability of intermediaries, and the ability to meet processing standards (e.g., tomato size or fruit ripeness).

There are no formal supply contracts between farmers and canning factories. Instead, sales are typically mediated by wholesalers, collectors, or brokers who gather produce and livestock from multiple farmers and deliver it to processors. “We don't know where our beans end up—sometimes they go to the market, sometimes to a canning plant. It depends on the trader,” one farmer noted.

This system offers flexibility but creates structural disadvantages for producers. Farmers often lack price transparency, have no negotiating leverage, and must accept the trader's offer at harvest time, when supply is high and prices low.

MAIN CHALLENGES

Challenges facing raw material production, as the first activity within the canned food value chain, are related to the overall structural constraints affecting Syria's agriculture sector, including:

- ▶ **Water scarcity and high irrigation costs:** due to draught and the depletion of internal water by the excessive digging of wells. Rainfall is inconsistent, and groundwater extraction is energy intensive. With diesel prices increasing and the high upfront cost of renewable energy solutions, some farmers are abandoning irrigation altogether.
- ▶ **Rising input costs:** Prices of fertilisers, seeds, fuel, and pesticides have increased, eroding already thin margins.
- ▶ **Low productivity:** Due to poor soil management, limited mechanisation, and absence of extension services, yields are often well below potential.
- ▶ **Animal health and feed constraints:** Livestock herders face chronic shortages of feed and essential medicines. Vaccination coverage is extremely low, especially in remote areas.
- ▶ **Landmine contamination and access issues:** In several areas, arable land remains unsafe or inaccessible due to the presence of unexploded ordnance or security risks.
- ▶ **Lack of storage:** Without silos or cold storage, farmers are forced to sell immediately after harvest, often at depressed prices.
- ▶ **Weak institutional support:** Poor functioning cooperatives, access to agricultural credit banks, or public extension services available to support this segment.

23 Farming Systems in Syria: its Constraints and Strategies for Improvement, Nazir Hassan and Vladimir Krepl . April 30, 2014. <https://www.saspublishers.com/article/17332/>

24 Ibid

25 FAO, Irrigation is a top priority for agriculture, 02/02/2023. <https://www.fao.org/syria/news/details/Irrigation-is-a-top-priority-for-agriculture/en>

26 AKF, How solar energy is helping this Syrian village become more climate resilient, 5/12/2023. <https://akf.org/article/how-solar-energy-is-helping-this-syrian-village-become-more-climate-resilient/>

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OPPORTUNITIES AND RECOMMENDATIONS

► Agricultural Practices

- Encourage the use of improved seeds and organic fertilisation to enhance yield and sustainability and support crop rotation with legumes to improve soil health and reduce chemical use.
- Promote crop switching and diversification toward lower-input or higher-value varieties such as herbs, lentils, and garlic.
- Reintroduce animal manure and agricultural waste as environmentally sound soil enhancers.
- Promote good post-harvest practices, including shaded storage, clean packaging, and temperature control.
- Establish or enhance existing local cooperative storage centres to prevent market dumping at harvest peaks.

► Livestock Farming

- Expand artificial insemination programmes to improve the genetic quality of herds, and ensure widespread availability of veterinary care, medicines, and vaccinations.
- Facilitate collective or subsidised access to animal feed for smallholders, and train livestock keepers in animal welfare, nutrition, and disease prevention.

► Climate Adaptation Practices and Knowledge

- Invest in drip and sprinkler irrigation to minimise water waste and disseminate drought-resistant and disease-tolerant crop varieties suitable for processing.
- Promote production diversification to reduce dependence on single-season crops, and train farmers in water-smart agriculture and conservation farming techniques.
- Partner with environmental international, regional, and local NGOs to embed climate resilience in farming systems.

► Institutional and Organisational Support

- Introduce price stabilisation mechanisms such as buffer stock scheme to protect producers from market volatility.
- Enforce anti-monopoly regulations to prevent market manipulation by dominant intermediaries and adopt fair trade principles and embed them in agricultural regulatory frameworks.
- Encourage the creation of farmers associations and cooperatives to strengthen bargaining power and collective marketing.

02

COLLECTION AND TRANSPORT OF RAW MATERIALS

STATUS

The collection and transport of raw agricultural and livestock products ensures the physical flow of goods from dispersed smallholder producers to processing units, under conditions that are frequently informal, decentralised, and logistically complex.

From a qualitative perspective, actors in this space fall broadly into three categories:

1. Small traders, typically operating within local villages and towns using pickup trucks (“بيك آب”) to gather seasonal crops such as tomatoes, beans, and okra from nearby farms. Their operations are cash-based, and they often sell directly in Sūq al-Hāl (wholesale farmer markets) or small-scale processors.
2. Medium-scale traders, who operate across multiple subregions with broader networks. They often maintain relationships with both producers and processors through intermediaries or field agents and may coordinate multi-farm collection routes.
3. Large wholesalers, who own refrigerated trucks and storage facilities and sometimes engage in direct supply to large processing factories or export operations. These actors may also participate in price speculation during peak harvests.

Relationships between collectors and producers are almost entirely informal. Transactions are built on mutual trust, past experiences, and seasonal reputation rather than formal contracts. Traders report relying on verbal agreements, often arranging purchases in advance or offering partial prepayment during the growing season to secure supply. In rare cases—especially with large-scale farms—there may be a standing seasonal understanding on crops, quantities, and tentative prices.

There is minimal use of formal contract farming. This leaves producers vulnerable to price manipulation at harvest time, particularly when oversupply saturates local markets. One interviewee described how they occasionally offer cash advances to farmers to ensure delivery, but this is done on a personal, not institutional, basis.

MAIN CHALLENGES

- **Poor road infrastructure:** Damage to the roads and transport infrastructure has heavily affected rural areas and the livelihood of farmers.²⁸ Many farm-to-market routes are unpaved, and during winter or after rains, become nearly impassable. Traders noted that reaching more remote plots requires additional labour and risk, which is not compensated by higher prices.
- **Fuel price volatility:** Transportation is heavily affected by fluctuating fuel costs—primarily diesel—which raises per-kilogram collection costs and compresses margins. A small trader explained that just one fuel price increase could wipe out the profit from an entire day’s collection.

²⁸ ILO, Building hopes with new roads in Syria: one road at a time, 15/12/2024, <https://www.ilo.org/resource/article/building-hopes-new-roads-syria-one-road-time#:~:text=Rural%20Aleppo%2C%20Syria%20%E2%80%93%20Years%20of,two%20areas%20in%20Rural%20Aleppo.>

- ▶ **Lack of cold storage:** Most traders do not possess refrigerated trucks or cooling facilities. As a result, perishable crops like tomatoes or green beans suffer from spoilage if delivery is delayed. During peak summer months, losses due to heat exposure can reach 10–15%.
- ▶ **Checkpoint delays and regional controls:** In some regions, particularly near administrative boundaries or military checkpoints, shipments are delayed, searched, or subject to informal fees. Although some traders said the situation has improved compared to peak conflict years, unpredictability remains a major issue.
- ▶ **Labour shortages:** Collecting, sorting, and loading produce is labour-intensive. Some traders expressed difficulty hiring reliable workers during peak season, especially amid rural outmigration.
- ▶ **Market mismatch and price instability:** When processing factories reduce their purchase quantities due to low demand or capacity constraints, traders are often left with surplus crops and incur significant losses. Several traders reported having to sell at a loss in wholesale markets or discard overripe goods entirely.

OPPORTUNITIES AND RECOMMENDATIONS

- ▶ Construct centralised cold-storage hubs and mobile refrigerated units for perishable goods.
- ▶ Demine farming land that still has mine and rehabilitate rural agricultural roads and ensure secure transport corridors through demining.
- ▶ Upgrade market-access infrastructure, including collection centres and aggregation platforms.
- ▶ Encourage long-term contractual relationships between farmers, traders, and processors to stabilise supply and transportation activities.
- ▶ Provide microloans and small grants to traders and transporters for vehicle maintenance, fuel, and equipment purchases.
- ▶ Introduce short-term credit facilities to support aggregation during peak harvest seasons.

03

PROCESSING AND CLEANING

STATUS

The processing and canning stage is the core transformative phase in Syria’s canned food value chain. It involves converting seasonal, perishable raw materials—such as tomatoes, eggplant, olives, pulses, and livestock products—into shelf-stable goods like tomato paste, Makdous, pickled vegetables, stuffed vine leaves, and preserved meats. The sector is highly diversified in form and capacity, ranging from:

- ▶ Large-scale industrial factories in relatively stable in areas previously held under the control of the previous regime,
- ▶ Medium-sized semi-mechanized workshops in northern and northwestern Syria,
- ▶ Small and family-run units that operate seasonally and rely on traditional, artisanal techniques.

In areas that used to be under opposition control and semi-autonomous areas, particularly Idlib and northern Aleppo, small and medium-sized workshops dominate. These are often locally initiated, informally financed, and deeply embedded in their communities. “We started with just a few barrels and hand tools,” explained one workshop owner in the countryside of Idlib. “Now we process up to five tons of produce a day during peak season—but we still rely on women from the neighbourhood and family labour to get things done.” Based on the qualitative interviews, women play a major role, especially in washing, sorting, and packing—offering vital seasonal income in households with limited employment opportunities.

PROCESSING TECHNIQUES AND EQUIPMENT

Most processors do not source directly from producers. Instead, they rely heavily on intermediaries operating in wholesale farmer markets (أسواق الهال). This system ensures flexibility but adds cost and limits traceability. Direct contracting with farmers is rare, mainly due to lack of formal arrangements and seasonal production volatility. “We would love to deal directly with farmers, but we can’t guarantee quantity or consistency,” said a medium-scale processor. “Besides, we don’t have the logistics to go field by field.” Some workshops do coordinate informally with known local producers, especially for specialty crops like eggplant, olives, or seasonal herbs.

Processing methods vary by facility size:

- Larger facilities often use semi-automated lines for cleaning, cutting, boiling, filling, and sealing, with some mechanized sterilization units.
- Medium workshops blend manual labour with basic equipment—gas burners, metal boiling tanks, presses, and hand-sealing machines.
- Small, traditional units often operate entirely by hand, using glass jars or local tin containers, and relying on solar drying, salting, and home-based sterilization techniques.

One processor described how their production is seasonal and tied to tradition “In the summer, we do Makdous and pickles. In winter, we switch to pulses and tomato paste from stored paste. We adapt according to what the market and climate allow.”

QUALITY CONTROL AND MARKET DEMAND

Larger facilities attempt to implement internal quality control systems, including batch testing and sterilization monitoring. However, small and medium workshops rely on “reputation and taste” as the primary forms of quality assurance. Processors report that customers and buyers often base repeat orders on prior experience or samples. “We clean everything well and make sure nothing is spoiled. If one customer complains, the whole neighbourhood will hear,” noted one small processor.

For products destined for export to Arab markets or diaspora communities, some larger units do conduct lab tests and obtain local “certificates of conformity” issued by the industrial authorities, particularly The Syrian Arab Organization for Standardisation and Metrology SASMO—though often through informal facilitation rather than institutionalised procedures. In general, demand for canned and preserved food products remains seasonally strong, particularly ahead of Ramadan, winter months, and in areas affected by displacement or infrastructure damage (where fresh produce is harder to store). There is also steady diaspora demand for specific products such as Makdous, grape leaves, and pickled cucumbers.

MAIN CHALLENGES

- ▶ **Electricity shortages and high fuel costs:** Power cuts are daily and unpredictable. Most workshops rely on diesel-powered generators, which adds significantly to costs. “Fuel is our biggest headache. Sometimes we spend more on running the generator than on tomatoes.”
- ▶ **Rising input costs:** Prices of cans, lids, labels, preservatives, and packaging materials have been reported by the key informants to increase dramatically, often fluctuating with the dollar exchange rate.
- ▶ **Currency volatility:** Most input materials (e.g. tin cans) are priced in dollars or Turkish lira, while products are often sold in local currencies—creating uncertainty in pricing and profit margins.
- ▶ **Market competition and demand weakness:** Poor domestic purchasing power and the influx of low-cost Turkish imports have intensified price-based competition.
- ▶ **Labour constraints:** Skilled labour is scarce, especially for sterilization, quality assurance, and equipment maintenance. Many facilities rely on informal training and retain staff seasonally.
- ▶ **Lack of access to finance:** Most processors operate without formal registration, making it impossible to access bank loans or donor-funded grants. Instead, they rely on personal savings or informal borrowing from traders and relatives.
- ▶ **Informal regulatory environment:** While some workshops strive to meet local food safety standards, there is no consistent regulatory oversight. Certification for export is often improvised or circumvented via trusted relationships rather than formal inspection.
- ▶ **Quality control and compliance:** Most small and medium processors lack the capacity to meet formal standards such as ISO or HACCP. They rely on informal reputation-based assurance. At the same time, export certification remains limited and often obtained through non-institutional channels.

OPPORTUNITIES AND RECOMMENDATIONS

- ▶ Invest in modern food processing equipment, particularly for sterilisation and sealing, rehabilitate and upgrade facilities to ensure energy efficiency and environmental compliance, and encourage direct sourcing from farmers to improve input quality and cost efficiency.
- ▶ Support SMEs in meeting global food safety standards such as ISO, HACCP, and Halal certification, standardise product labelling, including multilingual ingredients, expiration dates, and nutritional information, and provide technical and financial support to processors seeking certification and compliance.
- ▶ Support the creation of producer associations and cooperatives to strengthen bargaining power, and foster collaboration between workshops for joint purchasing of packaging and shared use of machinery where applicable.
- ▶ Support processors with skills in equipment operation, food safety, and quality control by establishing resource and training centres offering regular workshops, manuals, and advisory services for the processing sector, and building women’s skills and leadership in agricultural processing cooperatives and value-chain management.
- ▶ Provide microloans and small grants to processors for equipment purchases and working capital and enable access to hard-currency financing to reduce exchange-rate vulnerability.

04

RETAIL AND DOMESTIC SALES

STATUS

Retailing is the final domestic node in Syria’s canned food value chain. It links local processors and wholesalers to consumers in both urban and rural areas. The structure of this sector is fragmented and highly localized, consisting of:

- Small neighbourhood grocery shops (بقاليات), often operated by families and situated within residential zones.
- Medium-sized minimarkets, which may serve broader customer bases in town centres.
- A few larger supermarkets, mostly in major cities or areas with higher incomes or NGO presence.

Retail operations are typically informal, cash-based, and driven by day-to-day survival strategies rather than structured business planning. Many shop owners work alone or with family members, and rarely employ external staff unless they also distribute wholesale. “I run the shop, my wife helps stock the shelves, and my son delivers orders by motorbike,” explained a shopkeeper in northern Idlib. “We make just enough to get by, but it’s not easy.”

PROCUREMENT AND SUPPLY RELATIONSHIPS

Most retailers source their goods through local wholesalers or representatives (مندوبين) of processing companies. These intermediaries visit shops regularly to offer new stock and collect orders. Alternatively, some shopkeepers travel directly to wholesale markets to negotiate better prices or stock up in bulk. “Sometimes it’s cheaper if I go myself to the wholesale market. But with fuel costs and time, it’s not always worth it,” said a minimarket owner.

Supply relationships are almost entirely informal, built on personal trust and repeated transactions. No formal contracts are signed, and pricing is often decided based on current market fluctuations, especially for imported or dollar-indexed goods. In some cases, suppliers offer limited credit or delayed payment, especially to long-term retail clients, but this is rare and often tied to risk-sharing during price volatility.

CONSUMER BEHAVIOUR AND MARKET TRENDS

Syria’s prolonged economic crisis has reshaped consumer behaviour:

- Price is the dominant factor in purchasing decisions. Shoppers frequently ask for the cheapest available version of a product, regardless of brand or origin. “If I have three types of canned beans, most people choose the cheapest—even if the quality is worse,” one retailer reported.
- Brand loyalty is minimal, except for a few well-known local names with consistent quality. New or lesser-known brands must compete almost entirely on price.
- Purchase quantities have shrunk. Many customers buy single units or small cans, rather than stocking up. Larger family-sized packages move slowly unless discounted.

- Traditional and seasonal products remain resilient. Items like Makdous, tomato paste, and grape leaves see increased demand before winter and Ramadan, reflecting cultural consumption patterns.
- Diaspora support sometimes supplements purchasing power. In neighbourhoods with families receiving remittances, retailers report slightly more flexibility in consumer choices.

MAIN CHALLENGES

- ▶ **Price Volatility:** Fluctuating exchange rates, especially the depreciation of the Syrian and Turkish lira, make it difficult to set stable prices or forecast margins.
- ▶ **Weak Purchasing Power:** Most customers earn in Syrian pounds while many products—especially imported goods—are priced in dollars or lira. This disconnect erodes consumer capacity.
- ▶ **Imported Competition:** Turkish canned products dominate in northern Syria, often appearing more polished in packaging and pricing. Some local processors struggle to compete unless they undercut on price.
- ▶ **High Operating Costs:** Rent, refrigeration (if needed), generator fuel, and transport all eat into thin margins.
- ▶ **Limited Working Capital:** Few retailers can afford to buy in bulk or keep deep inventories. They often stock what they expect to sell in a week or less.
- ▶ **Lack of Finance:** Banks and microfinance institutions are either absent or do not offer suitable retail credit products. Shopkeepers rely on informal loans or supplier credit.
- ▶ **Informal Regulation:** While some municipal authorities impose taxes or licensing fees, enforcement is inconsistent. Retailers operate in a grey zone of tolerated informality.

OPPORTUNITIES AND RECOMMENDATIONS

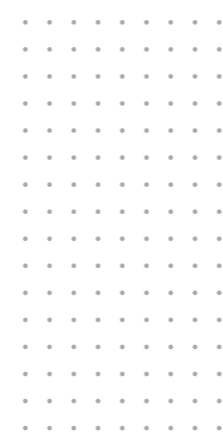
Despite these challenges, retailers demonstrate creative coping strategies:

- ▶ Improve packaging design, labelling, and branding to appeal to domestic consumers, and diversify product lines by size, salt content, and flavour profiles to meet diverse tastes.
- ▶ Support retailers with working capital loans and promote stable procurement agreements with reliable local suppliers, coordinated through chambers to improve logistics and price predictability.
- ▶ Facilitate participation in local trade fairs and launch digital platforms and social media campaigns to strengthen domestic marketing and reconnect producers with consumers.
- ▶ Encourage small-batch stocking to reduce loss risk and enable rapid response to changing prices, coupled with flexible pricing strategies—offering premium, standard, and “economy” tiers within the same product category.
- ▶ Promote diversified inventories by including complementary goods such as bread, oil, and cleaning supplies with higher turnover rates to stabilise income streams.
- ▶ Build on community trust practices, where retailers extend informal credit to trusted clients, especially before Eid or month-end, to retain customer loyalty.
- ▶ Support innovations in phone orders and home delivery, which have expanded since COVID-19, particularly in towns affected by security or mobility constraints.
- ▶ Support bundled promotions, loyalty programs, and online delivery services that can help small retailers compete with imported brands and attract repeat customers.

05

EXPORT AND INTERNATIONAL TRADE

STATUS



Based on the key informant interviews, external markets are still critical for Syria’s food processing industry—particularly in northwest Syria where local demand alone is insufficient to absorb production volumes. Exporting provides access to foreign currency, drives investment in production upgrades, and creates employment across the value chain—from raw material sourcing to packaging, logistics, and sales. As one factory co-owner explained: “If we stopped exporting, we wouldn’t survive. Local purchasing power is too low. Exporting is not a luxury—it’s a necessity.”

Current export operations range from small-scale informal shipments to larger, semi-formalized supply chains routed through Turkey. While total export volumes remain below pre-2011 levels, producers maintain steady demand from Arab countries (Iraq, Libya, Sudan, Yemen), Gulf markets, and even select diaspora-linked channels in Europe.

TYPES OF PRODUCTS EXPORTED

Exported canned goods typically include:

- Canned pulses: fava beans, chickpeas, white beans
- Preserved vegetables: pickles, okra, tomato paste, olives
- Traditional meals: stuffed grape leaves, Makdous, muhammara
- Niche items: Mulukhiyyeh, preserved lemon, eggplant salad
- Fruit preserves and juices (seasonal and volume-limited)

Offering these in multiple weights and packaging styles, often adjusting formats to market preferences (e.g., 400g retail cans vs. 2kg institutional packs). Export customers include wholesalers, ethnic food distributors, and diaspora-owned grocery chains—especially in markets with a Syrian or broader Arab population.

EXPORT ROUTES AND MODALITIES

Exports follow three broad channels:

- **Formal exports via Turkey:** Some processors use recognized customs brokers and Turkish partners to export via Bab al-Hawa or Bab al-Salama. Goods are labelled with multilingual packaging (Arabic-English-Turkish) and documented according to the importing country’s requirements.
- **Semi-formal trade through intermediaries:** Many shipments are coordinated via Turkish or Gulf-based wholesalers who place bulk orders, often based on samples. These exporters rely on trust, informal payments, and adaptable logistics. They are sensitive to border closures, lira fluctuations, and variable documentation standards.
- **Informal cross-border shipments:** Smaller producers rely on personal networks or transporters to move goods across borders for resale. While this system is flexible and responsive, it lacks legal protection and limits growth.

COMPLIANCE AND QUALITY ASSURANCE

Exporting canned goods requires producers to meet basic quality and labelling standards, although compliance varies significantly depending on the destination market.

Larger processors who export regularly often do the following:

- Conduct in-house quality checks and occasional external testing.
- Use batch coding, expiry dates, and weight verification.
- Follow basic hygiene protocols in production, sterilization, and sealing.
- Obtain certificates of origin and health inspection documents, often via local authorities.

However, most lack internationally recognized certifications (e.g., ISO, HACCP, Halal)—either due to cost, lack of local certifying bodies, or the informal nature of operations.

Instead, they rely on:

- Reputation from previous shipments
- Samples sent in advance for evaluation
- Direct buyer visits to the workshop

“Our clients know us. They’ve visited the factory. If the quality drops, they complain—and we fix it. That’s our system of certification.”

MAIN CHALLENGES

- ▶ **The impact of sanctions and banking restrictions:** Despite the fact that most sanctions have been lifted, their chilling impact and banks derisking still affects Syrian’s integration in the international banking services. Despite some progress, most exporters have to route payments through third-country intermediaries (often in Turkey, Iraq, or Lebanon) or cash-based networks. This increases transaction costs, delays settlement, and exposes traders to risk.
- ▶ **Border unpredictability:** Border crossings (particularly with Turkey) are vulnerable to political closures, licensing delays, and inconsistent rules. Producers cite weeks of lost production due to sudden disruptions. This have changed significantly in 2025.
- ▶ **Rising logistics costs:** Export-related expenses—fuel, loading, storage, customs, and transport—have risen sharply. Margins are squeezed further by inflation in both Syrian and Turkish currencies.
- ▶ **Trademark and brand registration issues:** Many exporters operate without legally registered brands, due to cost, legal risk, or fear of asset seizure abroad. As a result, they often export white-label products under a wholesaler’s brand or with minimal packaging, reducing the added value and profit margins.
- ▶ **Stiff regional competition:** Syrian canned goods face increasing competition from Turkey, Egypt, Iran, and Jordan, where producers benefit from state subsidies, better infrastructure, and export promotion schemes.
- ▶ **Limited institutional support:** Exporters report a complete lack of support in market research, branding, customs guidance, or certification. “We are competing in international markets with zero help. No promotion, no guarantees, no insurance. Just our product and our word.”

OPPORTUNITIES AND RECOMMENDATIONS

Many opportunities and actionable recommendations that could support Syrian exporters to demonstrate remarkable competitiveness:

- ▶ Facilitate participation in international trade fairs to build market presence.
- ▶ Launch digital platforms for Syrian food exports and promote via social media where Producers use Facebook, WhatsApp, and Instagram to reach wholesalers and buyers abroad, often uploading short videos from inside the factory.
- ▶ Build partnerships with distributors abroad, such as Arab wholesalers to sell under a shared private label, and explore white-label production models.
- ▶ Improve packaging and branding to enhance the image of Syrian products in foreign markets, and offer bulk and consumer-size options allows buyers to serve diverse segments.
- ▶ Promote Syrian products through targeted marketing campaigns highlighting quality, tradition, and value. In addition to the capacity to adjust flavour profiles or salinity levels based on Gulf or diaspora preferences.
- ▶ Create a neutral, trusted authority to issue health and quality certificates recognised by international markets.
- ▶ Support SMEs in meeting global food safety standards such as ISO, HACCP, and Halal certification.
- ▶ Standardise product labelling, including multilingual ingredients, expiration dates, and nutritional information.
- ▶ Provide technical, such as certified food lab, and financial support to producers seeking certification.
- ▶ Establish export credit lines and guarantee schemes to support international trade, enable access to hard currency financing to reduce exchange rate vulnerability, and support exporters in securing trademark registration and brand protection abroad.

CASE STUDY 2: SYRIA'S DAIRY SECTOR VALUE CHAIN ANALYSIS



The dairy and cheese products are a component of the agri-food industry, which connects rural areas and urban industrial hubs. This report analyses the value chain of dairy and cheese production divided in four main phases, starting from the livestock management and its local production by farmers and peasants, passing through its collection and manufacturing to the commercialising phases to local and export markets. Production of dairy products and cheese suffer from challenges connected to the consequences of the conflict, but also from structural problems. However potential opportunities exist to boost the sector. The growth of the dairy and cheese production and supply chain can have positive effects on large sectors of the populations' living conditions, as well as enhance the country's productive economy, by promoting work opportunities, both in rural and urban areas.

A GENERAL OVERVIEW OF THE DAIRY SECTOR IN SYRIA

The dairy products are part of the agri-food industry, which is largely dependent on agricultural and livestock products and serves as a key bridge between rural areas and urban industrial hubs.

Prior to the eruption of the Syrian uprising in 2011, the agri-food industry²⁹ represented between 25 and 30% of the total value of manufactured products.³⁰ The agri-food industry is composed of private and public actors in the production of dairy products and cheese. In the public-sector, state-owned food companies are grouped under the General Organisation for Food Industry (GOFI), which totalled 22 entities producing items such as mineral water, alcoholic drinks, canned food and dairy products (such as the Damascus Dairy Company, (official name: The Syrian Arab Co for Dairy and Their by-products – Damascus). GOFI had SYP 329 billion in sales at the end of 2023 (equivalent at the time to USD 26 million according to the official exchange rate of SYR 12,625 for one USD), and earning SYP 38 billion in net profits (USD 3 million).³¹

29 The principal food processing activities include flour, bread, biscuits, pasta, dairy products, olive and vegetable oil (from cotton seeds), sugar, fruit and vegetable preserves, pickles, mushrooms, packed cheese, processed grape, beer, marmalades, canned peas and other canned foods, mineral water, soft drinks, tomato paste, and dry onions.

30 The Syria Report, "UNIDO Implements Moscow-funded Project to Develop Syria's Agro Food Sector", December 23, 2023, <https://syria-report.com/unido-implements-moscow-funded-project-to-develop-syrias-agro-food-sector/>

31 The Syria Report, "Government Set to Restructure State-owned Industrial Sector", January 9, 2024, <https://syria-report.com/government-set-to-restructure-state-owned-industrial-sector/>

In the private sector, Micro, Small and Medium Enterprises (MSMEs) constitute the far majority of the industry and quasi exclusively provide for the local market, with several large companies are able to export their production, in addition to catering the local population.

However, more than a decade of war and destructions have affected negatively the sector, just as the rest of the economy. Production facilities have been closed, infrastructures were destroyed, and supply chains collapsed. Agricultural outputs have been severely impacted, which underpins food manufacturing, while the forced displacement of farmers from their land, particularly in the north and east of the country, has also been an important element in the sector's decline.

According to various reports of international organisations and various agencies of the United Nations, the breakdown of the agri-food industry directly affects Syria's food sovereignty. More than 9 million people are food insecure in the country.³² Moreover, reconstruction alone is estimated to cost between USD 250 billion and USD 400 billion. The economy has shrunk to an estimated USD 17.5 billion in 2023 from USD 60 billion before 2011.³³ Around 16.7 million people need humanitarian aid according to the United Nations High Commissioner for Refugees,³⁴ while over 90 percent of the population lives below the poverty line.

Alongside the economic crisis and its correlated impacts, the principal challenges for the agri-food industry are connected to very poor access to financing access by both public and private actors, including banks, outdated production lines and technologies, shortages in equipment, spare parts, raw materials and energy resources, disruption in trade and export activities, damages to the irrigation system, high prices of agricultural inputs and fuels, low levels of mechanisation, obstacles for farmers to access their lands in some regions, shortages of labour and destruction of crops.³⁵

In addition to this, effects of climate change, including droughts and lack of rain, negatively affected pastures and thus overall agricultural production.

Production of dairy products shared these structural problems, and these sectors have declined significantly, as well as the number of people involved in them. In 2022, the head of the Damascus Dairy and Cheese Crafts Association, Abdul Rahman Al-Saidi, stated that daily production of cheese and strained yogurt witnessed a significant decline, reaching 100 tons per day, compared to approximately 300 tons per day in 2017.³⁶ The year after, by 2023, the number of artisans affiliated with the association for Dairy and Cheese had declined by 50% according to Ahmed Al-Sawas, Vice President of the Crafts Association for Dairy and Cheese Production.³⁷

Following the fall of the former Syrian regime in December 2024, new and deepening challenges have been impacting the dairy and cheese production, particularly increasing production costs and competition of cheap Turkish food commodities.³⁸ The suspension of subsidised fuel in December 2024 for example increased production costs for farmers and restricted planting for the 2025 wheat harvest.³⁹ In late January 2025, Damascus reduced customs duties on over 260 Turkish products. Turkey's exports to Syria amounted to USD 1 billion in the first five months of 2025, representing a growth of over 47% compared to the same period in 2024, according to the Turkish Ministry of Trade.⁴⁰ The research report will analyse each level of the value chain production of dairy products. The study is based primarily on interviews made in April and May 2025 with six individuals (one veterinary, one individuals working in dairy and cheese manufacturing industry, one milk collector, one owner of a dairy and cheese small workshop, two retailers) involved in the sector and based throughout the country, accompanied with secondary sources to complement the research, including newspapers' articles and reports.

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 39 Global Report for Food and Crisis, "Syrian Arab Republic", 2025, <https://www.fsinplatform.org/sites/default/files/resources/files/GRFC2025-country-SY.pdf>
 40 Levant 24, "Turkey Eyes Economic Integration With Syria", June 8, 2025, https://x.com/levant_24/status/1931585540429664548?s=43&t=ydgmIxOXKZCRcXLuzc9pbg

B ANALYSIS OF DAIRY SECTOR VALUE CHAIN

The analysis of the dairy sector value chain starts firstly with an examination of the livestock management and its local production by farmers and peasants, based in rural areas. Then, the study looks at the process leading to the collection and transport of raw milk from local producers to factories, which connect rural and urban areas.

This phase of the value chain includes the local producers, intermediaries and owners of factories and small shops. The sector's assessment continues by considering the segment of the transformation of raw milk into dairy and cheese products by factories and small shops. Finally, the report analyses the selling phases of dairy and milk products to consumers and markets, which include as well the role of retailers, small medium entities, grocery stores and supermarkets in town and cities, as well as large supermarkets. Trade export opportunities and challenges are also observed.



DIAGRAM 2: ACTIVITIES AND ACTORS ACROSS THE DAIRY SECTOR VALUE CHAIN

STATUS

Prior to the eruption of the uprising in 2011, livestock represented between 35 and 40% of the country's total agricultural production, while it provided work opportunities to approximately 20% of the labour force in rural areas. In addition, 35% of the rural households used to raise livestock, which was often their principal source of food and income. Animal production contributed to over 30% to the total agricultural production and around 30% of agricultural exports. Mutton exports for instance generated foreign currency estimated at USD 450 million/year and, in 2010, Syria exported 871 000 sheep.⁴¹

In geographical terms, livestock rearing has mostly taken place in the country's rural areas, particularly in more arid territories, such as in southern parts Hasakeh, south Raqqa, Deir-ez-Zor, east Homs, east Rural Damascus, Dara'a and Suwayda. Generally, households owning cattle as part of a mixed-farming operation would typically have had less than ten animals, usually even less than five.⁴²

However, the livestock sector in Syria suffered significant loss in the past decade. Before the eruption of the conflict in 2011, official livestock numbers attained 1.01 million cattle, 15.5 million sheep, and 2.05 million goats. In the first years of the uprising, livestock population decreased considerably as the displacement of populations was increasing.⁴³ By 2016, the cattle count had diminished to 883.800 (-12% in comparison to 2010), sheep herds decreased to 13.8 million (-11%), and goats' population to 1.85 million (-8%). Similarly, the official export of live sheep reached their lowest level in 2015 with approximately 25 000 animals per year,⁴⁴ while it had reached in 2010, Syria exported 871,000 sheep, according to FAO data.

The past few years witnessed a relative stability of the country's livestock population, but without reaching similar level than prior 2011. By 2022, the cattle population reached 852,700, the sheep herd 8.17 million and the goat population 2.02 million.^{45,46} The level of exports increased slightly regarding live sheep reaching 35 000 animals per year prior to the fall of the Assad's regime in December 2024.⁴⁷

A veterinarian interviewed argued that the significant decline in volume and productivity in the dairy cattle farming in the Damascus countryside, as well as in Idlib and the northern Aleppo countryside was the result of several intertwined factors, particularly the significant increase in feed prices. The high cost of feeding livestock remains one of the critical obstacles for farmers, representing generally for 70 to 75% of the total

41 FAO, "Special report, 2021 FAO Crop and Food Supply Assessment Mission to the Syrian Arab Republic", December 2021, p. 51

42 FAO, "Special report, 2021 FAO Crop and Food Supply Assessment Mission to the Syrian Arab Republic", December 2021, p. 51

43 During the first three years of the crisis, the numbers of sheep, goat and cattle fell respectively by 45%, 30%, 40%, according to Ministry of Agriculture and Agrarian Reform of the former regime. These numbers were however adjusted in 2015. Economy Today, "Livestock wealth in Syria has declined by about 40 percent" (in Arabic), March 9, 2024, <https://www.economy2day.com/new/الثروة-الحيوانية-في-سورية-تراجع-بنسبة-حوالي-40-بالمئة>

44 Enab Baladi, "The most prominent Syrian exports affected by the war in Syria" (in English), 3 July 2016, <https://www.enabbaladi.net/89080/أبرز-الصادرات-السورية-التي-تأثرت-بالحرب>

45 Economy Today, "Livestock wealth in Syria has declined by about 40 percent" (in Arabic), March 9, 2024, <https://www.economy2day.com/new/الثروة-الحيوانية-في-سورية-تراجع-بنسبة-حوالي-40-بالمئة>

46 These figures originated from the Ministry of Agriculture of the former regime and should be considered with caution because they use data provided by farmers and theoretical calculations, but not physical counting. See The Syria Report, "Sheep Herds Fell by 41 Percent in Six Years", March 12, 2024, <https://syria-report.com/sheep-herds-fell-by-41-percent-in-six-years/>

47 Al-Sharq al-Awsat, "Breeders of Awasi sheep in the region are demanding permission to export them" (in Arabic), May 2, 2023, <https://aawsat.com/العالم-العربي/المشرق-العربي/4339786-غنم-العواس-المرغوبة-في-الجوار-يطالبون-بالسماع-بصدريها>

cost.⁴⁸ Reflecting this trend, a report by the FAO stated in April 2025 that "The increase in feed prices, coupled with limited cash liquidity and diminished purchasing power, has led breeders to anticipate selling a greater number of their livestock to cover feed and other animal treatment expenses".⁴⁹

In addition to this, the veterinarian pointed out that the decline in the selling prices of dairy cows. He added that the current price of a dairy cow is approximately USD 1,500, compared to over USD 3,000 a year ago (in 2024). This has led many breeders to abandon this activity according to him. On its side, a FAO report of March 2025 explained that "the significant fall in live animal pricing is due to a shortage of fodder, the absence of natural pasture, and the financial incapacity of breeders to fund live-stock feed and health care".⁵⁰ According to the FAO, the prices of male sheep, female sheep, calf, and dairy cow respectively decreased in one year (April 2024 and April 2025) of 37%, 46%, 40% and 52%.⁵¹

Table 1: Syrian Arab Republic – Estimated livestock numbers ('000 heads)

GOVERNATE	SHEEP			GOATS			CATTLE		
	2010	2018	2020	2010	2018	2020	2010	2018	2020
Hasakeh	1833	1401	1485	226	159	168	108	70	27
Homs	2400	1400	1600	222	91	160	107	70	110
Deir-ez-Zor	1700	270	1980	200	166	137	110	70	110
Hama	3200	1004	1010	350	117	115	56	56	57
Al-Ghab	285	210	235	32	52	71	42	29	28
Idlib	726	568	570	181	137	138	66	30	30
Raqqa	2064	1263	1445	235	159	164	23	16	16
Aleppo	2000	1200	1200	311	213	213	90	60	60
Tartous	78	103	113	12	18	18	32	31	31
Latakia	141	90	95	15	15	16	40	37	39
Rural Damascus	1800	1700	1775	450	391	406	250	101	96
Suwayda	280	384	601	78	90	151	10	11	16
Quneitra	111	152	177	12	22	21	21	23	31
Dara'a	635	653	666	109	94	100	56	34	36
Total	17253	10399	12951	2432	1722	1877	1011	604	768

SOURCES: MAAR ESTIMATES, 2010, 2017, 2018; AGRICULTURAL DIRECTORATES ON GOVERNORATE LEVELS, 2020.⁵²

48 Economy Today, "Livestock wealth in Syria has declined by about 40 percent" (in Arabic), March 9, 2024, <https://www.economy2day.com/new/الثروة-الحيوانية-في-سورية-تراجع-بنسبة-حوالي-40-بالمئة>

49 FAO, "Agricultural Inputs and Commodity, Price Bulletin in the Syrian Arab Republic April 2025– Issue #40", https://fscluster.org/sites/default/files/2025-06/FAO%20Agriculture%20Input%20and%20Commodity%20Price%20Bulletin%20%28AICPB%29%20April%202025_0.pdf

50 FAO, "Agricultural Inputs and Commodity, Price Bulletin in the Syrian Arab Republic March 2025– Issue #39", <https://fscluster.org/sites/default/files/2025-05/FAO%20Agriculture%20Input%20and%20Commodity%20Price%20Bulletin%20%28AICPB%29%20March%202025.pdf>

51 FAO, "Agricultural Inputs and Commodity, Price Bulletin in the Syrian Arab Republic April 2025– Issue #40", https://fscluster.org/sites/default/files/2025-06/FAO%20Agriculture%20Input%20and%20Commodity%20Price%20Bulletin%20%28AICPB%29%20April%202025_0.pdf

52 Cited in FAO, "Special report, 2021 FAO Crop and Food Supply Assessment Mission to the Syrian Arab Republic", December 2021, p. 52

Table 2: Production of Milk and Milk-based Products between 2015 and 2022

	Total Milk (1,000 Tons)	Fresh Consumed Milk (1,000 Tons)	Ghee (Tons)	Cheese (Tons)	Butter (Tons)
2015	1,978	657	9,974	108,159	7,742
2016	1,989	668	10,412	106,759	7,410
2017	1,874	608	10,231	104,126	7,267
2018	1,772	551	10,389	100,403	7,128
2019	1,785	789	7,821	89,075	6,635
2020	2,154	756	10,956	112,068	9,890
2021	2,051	712	11,103	98,006	10,027
2022	2,030	748	11,448	90,877	7,85

SOURCE – THE SYRIA REPORT, “SYRIA’S KEY AGRICULTURAL INDICATORS – 2022 (PART 2/2)”, APRIL 21, 2025, [HTTPS://SYRIA-REPORT.COM/SYRIAS-KEY-AGRICULTURAL-INDICATORS-2019-PART-2-2/](https://syria-report.com/syrias-key-agricultural-indicators-2019-part-2-2/)

MAIN CHALLENGES

In addition to some of the challenges mentioned above regarding the high price of feeds and the decline in the selling prices of dairy cows, the management of livestock and production connected to it at the local level are affected by other factors.

First, the repetitive droughts and the shrinking areas of agricultural land, including the ones planting fodder, have resulted in high fodder prices, leading to dependence on expensive imported or commercial fodder. Natural pastures are also increasingly reduced. Climate changes and low rainfall have led to the deterioration of grazing lands, especially for sheep. Syria is facing one of the most severe food crises in the recent decades, as an acute drought in 2025⁵³ threatens to decimate rain-fed crops and diminished yields across the country, impacting severely farmers and raising the risk of food shortages.⁵⁴

Then, infrastructures are lacking and insufficient, more particularly veterinary extension centres or technical support for breeders. In addition, most of the rural regions are not equipped with cold storage or refrigeration centres for raw milk. More generally, breeding techniques are outdated and need to be modernised.

The high cost of veterinary treatment and medication is also impacting negatively local production. They have become a significant burden for small-scale breeders in the absence of state’s support or free veterinary programs. Similarly, veterinary services are weak, including in geographical coverage, staff numbers, and vaccinations.

Finally, there are no entities, such as cooperatives or organised collection centres, playing a pivotal role in connecting producers to markets, resulting in a fragile and unequal value chain between breeders and intermediaries. Currently, the system often relies on a local intermediary (known as the “halab,” a person or entity who collects milk from farms, usually twice a day (morning and evening)) and sells it directly to dairies or small traditional workshops. This informal model suffers from issues related to hygiene and milk safety, as well as the lack of effective cold chains during transportation.

In addition to all of this, the limited purchasing power of consumers restricts producers’ ability to raise prices in line with their costs of production. Furthermore, in some cases the reliance of milk factories on cheaper powdered milk reduces demand for fresh milk, creating a state of disparity and volatility in the market, while cheap Turkish food commodities, which have notably increased significantly since the overthrow of the former Syrian regime, constitute a serious challenge as well to local Syrian dairy products and cheese.

OPPORTUNITIES AND RECOMMENDATIONS

To improve the production conditions at the local level, there are several initiatives and measures that could be taken:

- ▶ Firstly, government programs and decisions supporting affordable feed prices, with the potential assistance of international organisations.
- ▶ Secondly, improve veterinary care services, including through the provision of vaccines and medicines at subsidised prices. Launching awareness campaigns and regular veterinary guidance could also be promoted.
- ▶ Then, the establishment of professional associations or cooperatives to help organise collection processes, guarantee fair pricing, and improve negotiation terms with factories.
- ▶ The transfer or investment in new technologies to improve local production is also needed, such as improved nutrition processes and the development of automated milking and cooling systems.
- ▶ Finally, breed development programs by the introduction of studied genetic improvements to increase milk productivity and improve quality.

53 Syria's accumulated rainfall during the first quarter of 2025 was only 94.9 millimetres, which constitutes the lowest level since 1997 and well below the average of 165.4 millimetres for the same period between 1989 and 2015, according to the United Nations' Food and Agriculture organization (FAO). The volume of rain was also far below the historical average of between 192.8 and 298 millimetres in the first third of the year between 2019 and 2024. See FAO, “Earth Observation, Syrian Arab Republic”, 2025, <https://www.fao.org/giews/earthobservation/country/index.jsp?code=SYR>

54 Walid Al Nofal, Sozdar Muhammad, Emad Albasiri, “Zero season: Syrian farmers face worst drought in decades”, Syria Direct, June 18, 2025, <https://syriadirect.org/zero-season-syrian-farmers-face-worst-drought-in-decades/>

02

COLLECTING AND TRANSPORTING RAW MILK FROM LOCAL PRODUCERS TO FACTORIES

STATUS

The milk is generally collected directly from local farmers. These intermediaries or milk collectors make daily morning rounds to visit villages and transport milk using clean plastic tanks. The quality of the milk is checked for odour, density, and cleanliness, and the quantity is measured in litres. Generally, intermediaries used motorcycles or small cars to transport the milk, either to a collection centre or directly to the processing plant.

The price of milk is determined by its type (cow, sheep, goat), its quality, and the general market situation. There are generally no formal contracts, but rather verbal agreements, and the price often changes weekly depending on supply and demand.⁵⁵ Local producers therefore face unstable situation, while payments are often made in cash, either weekly or every ten days.

The coordination with dairy processing plants is carried out daily by collecting the required quantities, and the specific type of milk requested. According to a milk collector interviewed, no milk is currently exported to neighbouring countries, but the totality of the production is consumed locally.

MAIN CHALLENGES

The challenges faced by milk collectors and intermediaries are connected to three main factors.

First, they suffer from weak transport networks and infrastructures, such as damaged roads, especially in winter, when rain and mud make it difficult to reach some villages. Damages throughout Syria’s road networks and the destruction of key bridges have impaired the flow goods and access to certain markets,⁵⁶ while rubble and debris have accumulated on most urban networks making passage difficult and, in some cases leaving certain neighbourhoods completely isolated.⁵⁷

Second, the lack of modern refrigeration systems in rural areas affects the capacities to store milk. In these conditions, milk is sometimes transported before it has cooled, resulting in losses due to spoilage.

Finally, the poor adhesion of some farmers to hygiene standards sometimes forces collectors and intermediaries to reject some shipments if they are unclean or have an unacceptable odour.

55 During the summer, demand for milk increases due to increased consumption associated with the production of yogurt, ice cream, and seasonal products, leading to higher prices.
 56 In 2017, the Syrian Minister of Transport declared that 8,400 kilometres of road have been destroyed out of a total length of 69,000 km, in addition to 1,800 km of railways out of a network of 2,450 km. Some 17 bridges used for railways were also destroyed. The Syria Report, “Transport Sector Largely Destroyed – Official”, 30 May 2017, <https://syria-report.com/transport-sector-largely-destroyed---official/>
 57 UN Habitat, “Recovery of Services and Infrastructure in Syria. “Not If, But How?”, July 2022, <https://unhabitat.org/sites/default/files/2022/09/infrastructure.pdf>

OPPORTUNITIES AND RECOMMENDATIONS

The ability to improve the collection of milk is linked to several issues. First, some can be overcome by setting regular milk collection times, encouraging farmers to use clean containers, and using refrigerators to preserve milk quality as much as possible. Structural measures are needed in various fields:

- ▶ Investments in appropriate transportation and refrigeration methods. This could be done by using vehicles equipped with refrigerated tanks, which preserve milk quality and reduce spoilage rates.
- ▶ Improvement of transportation network and infrastructures, especially between villages and collection centres.
- ▶ Organising training workshops for breeders, focusing on more efficient techniques relating to hygiene, milking methods, and milk storage.
- ▶ Establishing cooperatives or central collection points to improve work efficiency and reduce production costs.
- ▶ Providing financial support, such as interest-free microloans or assistance to purchase needed equipment (mobile refrigerators, clean containers, quality measuring tools), can make a significant difference in improving the supply chain.

03

CONVERTING RAW MILK INTO DAIRY AND CHEESE PRODUCTS

STATUS

At the level of the transformation of raw milk into dairy and cheese products, the sector is broad and diverse, ranging from small home workshop, with one or two people involved, passing through medium-sized factories serving a town or region, all the way to large factories that cover entire governorates and sometimes export their production. This sector also offers numerous job opportunities, both directly and indirectly.⁵⁸ A small business production can be established, with initial cost not exceeding USD 1,500 and generate a relatively good income, making it a suitable activity even for those with limited capital.

The production in the dairy and cheese sector encompasses a variety of products, including yogurt, labneh, various types of cheese (white, salty, cottage cheese etc...), butter, cream, in addition to shanklish and surke made from dried cottage cheese. This diversity of products stems not only from customer demand, but also from the need to exploit the full amount of milk available and not waste any.

The milk is generally collected through local suppliers, who collect it from farmers, although in some cases owners of small workshop collects the milk directly to farmers. This is however relatively rare as it requires additional time and increases operational costs. The purchase of milk is made on a daily basis because milk cannot be stored for long periods unless advanced refrigeration facilities are available, which often lack.

The milk is tested before being used to ensure its quality. Dairy/Cheese Plant/Employers sometimes fear the milk could have been adulterated by the supplier, such as by mixing it with water or powdered milk. This negatively impacts the taste, texture,

58 One Interviewee argued that the sector and is also “particularly suitable for women willing or seeking to work from home”.

and quality of the final product. Similarly, sick cows or undergoing medication, such as anti-inflammatory injections, should not be milked during this period, as the milk becomes unsuitable for fermentation or processing. This is the reason why a relation of trust is needed with the local supplier to guarantee the quality of the finished good.

Competition is high among small and medium-sized enterprises, with each entity trying to differentiate itself through the quality or price of the product sold. Consumers prefer fresh and reliable products. There is growing interest in traditional products such as labneh and cottage cheese (qaraysheh), especially if they are prepared naturally and without artificial additives.

MAIN CHALLENGES

The challenges are multiple, starting with the instability of the Syrian pound and therefore the exchange rate with USD and Turkish pound. This situation directly impacts for instance the prices of raw materials, inputs and the feed for cows, resulting in daily changes in the price of milk. More generally, exchange rate fluctuations lead to instability in production costs, making it difficult to establish a stable and profitable price. In addition to this, traders generally fix the exchange rate for the purchase of goods and products higher than the market to reduce fluctuations on their side and moreover guarantee a satisfactory profit margin.

Meanwhile, electricity cuts and the use of generator to compensate for the long hours of absence of energy, which requires lots of fuel, increased significantly the cost of production. Frequent power outages directly impact the refrigeration process, which is essential for preserving dairy products and milk. This is especially the case in the summer with the high temperatures, as milk is highly perishable and requires constant refrigeration. At the same time, securing the gas needed for the manufacturing process also poses a challenge at times, especially during cold seasons or when demand is high.

Equipment often needs to benefit from new technologies and upgrade, ability to pursue such processes not easily available in the local market and the cost of such investments is expensive. In addition to this, spare parts are also scarce. Manpower is scarce, and the low wages in the sector discouraged recruitment, while skilled labour specialised in this type of manufacturing remains limited. Many owners are forced to train their own workers to ensure quality.

The destructions and damages of transport networks and infrastructures is also a key problem, affecting on a daily basis the ability to sell and distribute the goods.

The lack of financial assistance to the sector, as adequate financial services are unavailable, including microfinance, loans and financial lines to help expand or improve small and medium production units. These shortcomings limit their ability to expand or innovate.

At the same time, the country's current economic conditions cast a shadow over this sector. Demand for products has diminished because of the decline in the population's purchasing power. This is the result of continuous inflation, depreciation of the Syrian pound, and real value of salary and wages constantly diminishing. Since 2011, inflation in Syria surged to unprecedented levels, with an average annual rate exceeding 50%. As a result, the Consumer Price Index (CPI) has skyrocketed from a base of 100 in 2010 to an estimated 20,000 by the end of 2024, marking a 200-fold increase over the past 14 years. As of late 2024, nearly 90% of the population was living under the poverty line.⁵⁹

⁵⁹ UNDP, "The Impact of the Conflict in Syria", February 2025, https://www.undp.org/sites/g/files/zskgke326/files/2025-02/undp-sy-seia-final-24022025_compressed.pdf

In this framework, customers often prefer to prefer very small quantities or resort on instalments. The prices of auxiliary materials, such as plastic containers, rennet, salt, and others, have risen significantly due to inflation

Finally, small and medium enterprises face important challenges in front large industrial factories producing significant quantities at cheaper prices. In addition, there is also a shift in consumer tastes, with increasing sections now seeking products that are low in fat, low in salt, or packaged in a healthy and safe manner.

OPPORTUNITIES AND RECOMMENDATIONS

Developing the sector is possible by:

- ▶ Providing modern equipment for manufacturing, packaging, and refrigeration, which improves product quality and increases production capacity.
- ▶ Training in management and marketing skills can also help better understand the market and find effective ways to improve management and production methods, a examine export opportunities.
- ▶ Collaborating with local organisations or supporting bodies to provide new sales channels or enter humanitarian aid supply chains is an important opportunity.
- ▶ Obtaining financial support, whether through non-refundable grants or interest-free loans, can make a significant difference in the potential for expansion and development. With financial assistance provided, women and low-income individuals can start small businesses with minimal resources and generate a steady income. Furthermore, financial assistance can help introduce new and diverse products to help target different market segments. New products such as flavoured yogurt, long-lasting cheeses, canned labneh in oil or aged or mixed cheeses can be introduced for example.
- ▶ Establishing an entity helping connect producers to larger markets would increase their competitiveness

04

SELLING DAIRY AND MILK PRODUCTS TO CONSUMERS AND MARKETS**STATUS**

The dairy and cheese retail sector has generally remained active throughout the war, except for some regions that were significantly affected by destructions, and the overall size of the sector is relatively large. It is even gradually increasing, especially in areas experiencing relative stability. However, the worsening of the economic situation impacted negatively the sector. While demand for dairy and cheese is relatively stable as they are essential foodstuffs, the quantities purchased by customers have decreased because of the continuous loss in the population's purchasing power.

Retail actors selling dairy and cheese are very diverse. Small and specialised stores usually sell only dairy and cheese or with a limited number of other items. They are usually located in residential neighbourhoods, close to markets, and serve residents directly. In addition to this, dairy and cheese are often sold in popular or seasonal markets, often at lower prices. Customers often go to weekly markets (bazaars) to purchase essential foodstuffs for their weekly shopping.

A medium scale retail actor explained on his side that in his shop, he sells “approximately 200 kilograms of dairy products per day at this time of year (end of spring/ beginning of the summer), and more than 50 kilograms of cheese, including cubes and chunky cheese, as well as labneh and cream. In winter, in addition to other dairy and cheese varieties, there is a special type called “dubirka” which is made from boiled sheep's milk and stored in pressurised crystal containers. It is used during the winter, when sheep's milk is scarce and cow's milk becomes more available.” At the same time, some store owners also sell to supermarkets or wholesale or semi-wholesale grocery stores.

Alongside these small medium entities, grocery stores and supermarkets in town and cities also sell dairy and cheese. Large supermarkets in the country's major cities offer a specific section for dairy and cheese, whether local or imported.

Small and medium retail actors generally sell products originating from nearby factories and workshops. Suppliers and wholesalers deliver them the products in the morning in small and refrigerated trucks. Another option is to go directly to small producers, especially if they want a distinctive or handmade product, such as local shanklish or fresh cottage cheese (qaraysheh). However, this requires prior coordination and special transportation. In both cases, supply methods are often informal, with no written contracts; they rely on trust and repeated transactions. Delivery is daily or semi-daily, and payment is in cash or on credit (weekly or bi-monthly).

On the other side, imported products (especially Turkish cheese or sterilised yogurt) are sold only in specific locations or in supermarkets. These products, as well as expensive ones, are generally purchased from wholesalers in the city or supermarkets.

Prices of dairy and cheese products vary according to types and quality. There are cheaper varieties for low-income sectors of the populations, while more expensive varieties cater to more wealthy groups. Most of the time, local products remain the best-selling products because they are fresher, less expensive, and suit public tastes. Nevertheless, there are cases of specific imported goods, such as Turkish cheese, competing with local products because they are sold at lower prices (due to Turkish subsidies).

All these various retail actors provide local job opportunities, both for sellers and workers involved in transportation, distribution, and packaging. The sector also provides indirectly employment opportunities for freight forwarders and suppliers. Medium and large stores employ between 2 and 3 individuals, while small shops are often managed by the owner with the help of a family member.

The ability to increase export prospects is connected to improving productive capacities, diminishing cost of production (particularly electricity), access to funding schemes, on one side, and developing access and contacts in regional and international markets on the other side. Trade opportunities are also connected to both enhancing national infrastructures and relations with neighbouring countries, while diminishing cost of export related to shipping and insurance.

MAIN CHALLENGES

There are many challenges for retailers. It starts with the instability of the supply chain, which can be affected by variety of factors such as road closures, sudden increases in the exchange rate, factory shutdowns due to power outages or a shortage of raw milk.

Electricity shortages and cuts are also one of the biggest problems, as they prevent retailers to store cheese and yogurt. Instead, many actors use a solar-powered refrigerator and sometimes generators, but they're very expensive.

The instability of the Syrian pound remains an important obstacle, as it affects nearly daily the prices. This situation makes pricing complicated, resulting in losses for retailers. In addition to this, low purchasing power is also impacting negatively the sector, as people purchase very small quantities. This economic vulnerability of most of the population affects sales volume and profitability.

No financial support or assistance exists, preventing the provision of loans. This pushes retailers to depend on their own personal capital, which limit their ability to expand or purchase larger quantities at a discount.

The lack of committed and skilled workers. Instead, retailers are forced to train young workers, which necessitate time. Moreover, some of the young workers leave rapidly in search of other working opportunities.

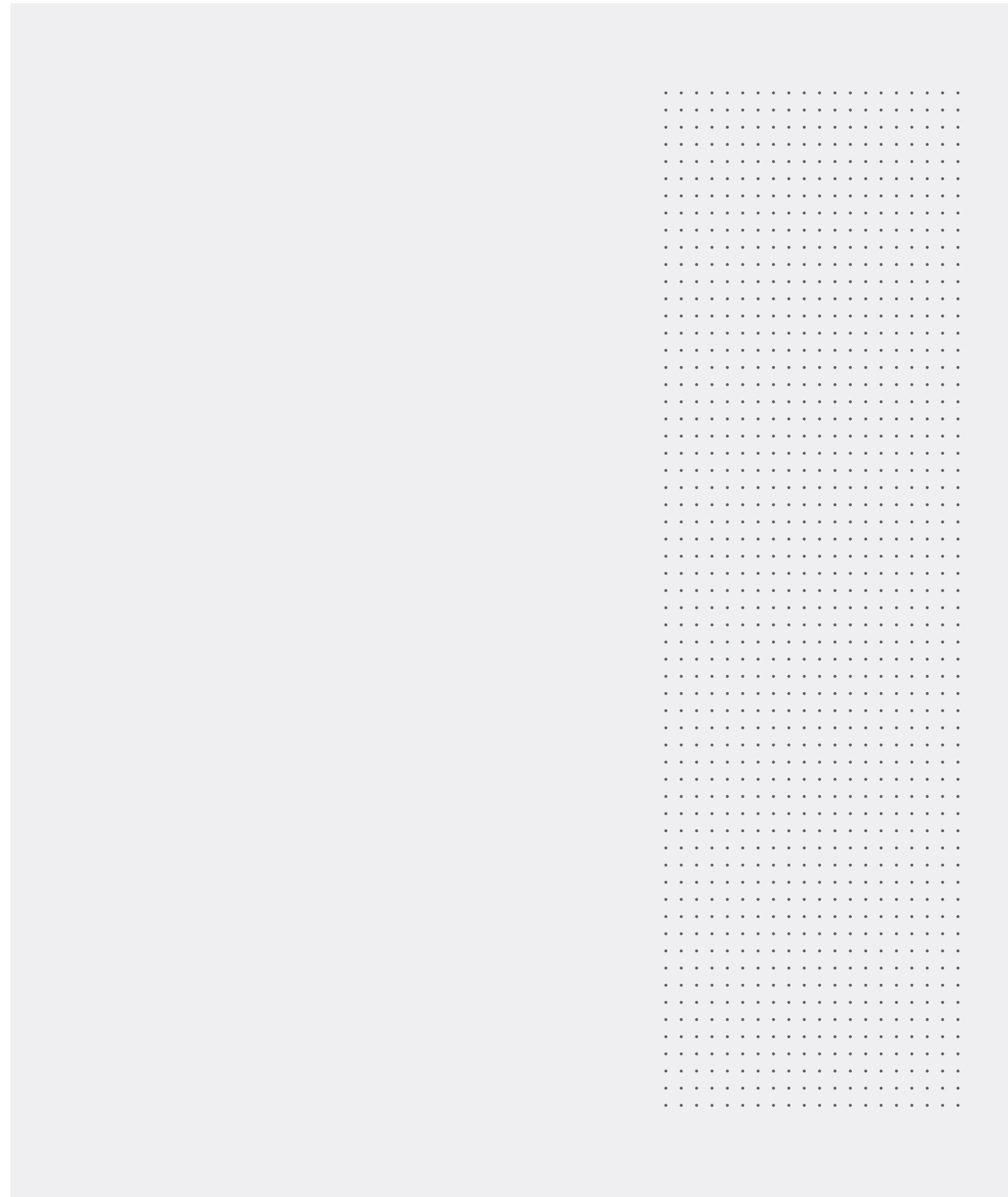
Competition is fierce among retailers, especially in densely populated neighbourhoods, prompting them to offer special offers on some products or sell at cost to attract customers. This situation reduces profit margins.

In addition to the above-mentioned challenges, export opportunities face problems related to high cost of shipping and insurance. Exchange rate fluctuations also constitute to some extent an issue to determine the final cost of their products. The process of ending Western sanctions also needs to be completed to facilitate the flow of exports, banking transactions and money transfers.

OPPORTUNITIES AND RECOMMENDATIONS

Several measures can help retailer continue to operate, even in difficult circumstances, such as:

- ▶ Purchasing quantities that match daily demand, so that the merchandise does not spoil and try to diversify selection of goods according to seasons and demand in order to attract more customers and increase profits. In other words, improve managing inventory to avoid spoilage, especially in the summer, by purchasing smaller quantities more frequently,
- ▶ Diversifying supply sources and purchasing from multiple suppliers to obtain the best price and quality,
- ▶ Improving in-store display using transparent refrigerators and attractively arranging products to increase sales,
- ▶ Promoting instalment of solar power system to provide power for the refrigerator, instead of relying on state's electricity, or generators that are more expensive. It also allows to reduce the cost of production,
- ▶ Maintaining good relationships with suppliers to secure the best prices and sometimes deferred payment, especially during harsh economic situations,
- ▶ Selling portions of the products to nearby supermarkets, before they spoil. Otherwise, retailers are often forced to reduce their profit margin to sell their merchandises, especially if the expiration date is approaching. This is in order to spare a complete loss,
- ▶ Guaranteeing quality and cleanliness of the merchandises,
- ▶ Communicating with the local community and offering additional services such as instalment sales or home delivery to attract customers,
- ▶ Providing management and marketing training, as many vendors lack the skills needed to expand their businesses or retain customers,
- ▶ Channelling funding assistance and financial schemes to help increase the production and capacities to export dairy products to neighbouring countries. This includes assistance to improve communication and marketing skills,
- ▶ Promoting initiatives and measures to diminish high cost of shipping and insurance, and to smooth Syria's reintegration in the international financial system, banking transactions and money transfers.



CASE STUDY 3: SYRIA'S LEATHER SECTOR VALUE CHAIN ANALYSIS



The leather industry forms a vital link between rural livestock producers, urban tanneries, and manufacturing workshops. Over the past fifteen years, the value chain has been shaped by compounding bottlenecks at every stage including weak price signals for quality, uneven preservation, aging equipment, and thin working capital. Conflict and sanctions further fragmented internal and external trade routes, inflated logistics costs, and locked exports into low-margin semi-processed hides. Yet since late 2025, conditions have begun to improve such as the reopened corridors to reconnect key markets, compliant payment channels re-emerged, and early export inquiries for finished goods signal cautious recovery. Revitalising the chain through improved preservation, modernised tanning and finishing, and targeted support for small manufacturers could re-create jobs, strengthen domestic production, and restore Syria's foothold in regional leather markets.

A GENERAL OVERVIEW OF THE LEATHER SECTOR IN SYRIA

This report sets out a practical roadmap to revive Syria's leather value chain after fifteen years of disruption. It clarifies where jobs and value can be created quickly, which bottlenecks must be removed first, and what mix of public policy and donor support can crowd in private investment. The scope spans seven linked activities: from livestock and raw-hide collection through abattoir practices, tanning and finishing, small-goods manufacturing, domestic wholesale/retail, logistics, and finally international exports. Our approach combines field interviews, rapid facility assessments, and trade and price data.

Across the leather sector value chain, constraints compound one another. At the farm and abattoir level, weak incentives and poor preservation practices damage hide quality and reduce yields. Collection is fragmented, with long delays to pickup and limited cold or shaded storage. Tanneries face unreliable power and water, outdated equipment, and the absence of shared effluent treatment, which keeps finishing capacity low and costs high. In workshops, the loss of skilled labour, expensive imported inputs, and thin working capital restrict output to short runs; quality control and sizing/standardization remain inconsistent. Domestic trade has been shaped by market isolation, high transport costs, and consumer down-trading to the lowest price point, squeezing artisanal producers. Logistics are irregular and costly, with limited consolidation between Aleppo and Damascus and weak last-mile distribution. In exports, sanctions-era payment hurdles, reliance on small family networks, and a bias toward semi-processed hides (rather than finished goods) have trapped the sector at low margins and limited technology transfer.

The post-December 2025 environment appears to be creating space for recovery. The gradual reopening of domestic corridors is beginning to reconnect long-separated markets, particularly between Idlib, Aleppo, Hama and Rural Damascus, with indicative potentials in reducing transport frictions and allowing, in some corridors, particularly Aleppo and Damascus, more predictable weekly flows. The easing of sanctions is slowly and gradually restoring compliant payment channels, which might bring more stability to freight quotes, while enabling exporters to test small trial orders and plan production with potentially higher levels of measured confidence. Early, tentative signs of demand are relatively visible for standardised small leather goods (belts, wallets, accessories). If these conditions hold - and if targeted incentives are implemented - quality-linked hide premiums, pooled input purchasing, shared testing and effluent services, and predictable city-pair trucking could shift a larger share of output from semi-processed to finished goods. This would incrementally create jobs, including for women and youth, in stitching, finishing, and quality control.

Historically, leather production and the export of leather goods have constituted a vital component of Syria's macroeconomic structure and served as a cornerstone of rural livelihoods. This prominence was largely attributed to the country's substantial livestock population, which comprised 15–16 million sheep (predominantly the Awassi breed), alongside an approximate 1 million cattle and 2 million goats.⁶⁰

In Pre-war Syria, Syria's livestock sector played a pivotal role in the national economy. Broadly defined, it represented about 35–37% of the country's agricultural output, which itself accounted for roughly 19% of GDP in 2011.⁶¹ This translates to the livestock sector contributing an estimated 6.7–7% of Syria's GDP that year. Within this context, the leather value chain emerged as a significant economic subsector. By the

end of 2011, the leather industry, including upstream livestock inputs, tanning, and manufacturing of finished goods, accounted for approximately USD 3.17 billion.⁶² This sector comprised an estimated 1,000 workshops and tanneries, with production activities concentrated primarily in Damascus, Aleppo, and Hama. These facilities collectively generated an estimated 55–60 million square feet of processed leather annually.⁶³ In Damascus alone, the number of workshops and tanneries experienced a dramatic increase of 1,500% between 1952 and 2012, rising from roughly 10 to 240 establishments.⁶⁴ This expansion reflects both the sector's industrial growth and its embeddedness in Syria's socio-economic fabric.

Since the outbreak of the Syrian conflict in late 2011, the country's leather industry has experienced systemic collapse across every stage of its value chain, encompassing livestock production, raw hide processing, tanning, manufacturing, and international trade. Over the past decade, this sector has been in continuous decline due to a convergence of interrelated factors. These include the widespread destruction of industrial facilities; critical infrastructure breakdowns, such as sustained electricity outages, chronic fuel and water shortages; capital flight and loss of skilled labour; economic isolation; and state-imposed trade barriers and inconsistent export regulations.

To illustrate this rapid decline: in the decade following the onset of the conflict, Syria's livestock population decreased by an estimated 40–45%, directly reducing the availability of raw hides and skins for processing. Simultaneously, Syria's GDP contracted by more than 50% between 2010 and 2015, and by 2017, manufacturing output had declined by approximately 77% compared to pre-war levels.^{65,66} Within this context of industrial collapse, the contribution of the leather sector to national GDP fell to less than 1.5%, reflecting the marginalisation of what had once been an important contributor to Syria's economy.⁶⁷

The domestic market for leather goods also deteriorated sharply. With millions of Syrians displaced internally or forced into poverty, consumer demand for non-essential items such as leather footwear, jackets, and accessories diminished significantly. This contraction in demand, compounded by the destruction of production capacity and loss of market access, rendered many businesses economically nonviable. Moreover, the export component of Syria's leather value chain, historically a significant source of foreign exchange, has nearly vanished. Trade routes have been severed, international sanctions have restricted commercial transactions, and a series of poorly calibrated export restrictions hindered sectoral recovery. According to data from the Observatory of Economic Complexity (OEC), total exports of raw hides, skins, and processed leather products declined from approximately USD 80.3 million in 2010 to less than USD 4.9 million in 2023. For example, Syrian leather exports to India alone dropped from USD 13.8 million in 2010 to approximately USD 934,000 in 2023.⁶⁸ Correspondingly, the leather sector related workforce has declined by 33%, from 13,600 workers in 2010 to less than 9,100 workers in 2024.⁶⁹

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B

ANALYSIS OF LEATHER SECTOR VALUE CHAIN

The analysis of leather sector value chain outlines the current status, key challenges, and potential opportunities across the seven stages of the leather sector value chain. These stages comprise livestock farming; the collection and preservation of raw hides; the processing of hides into tanned leather; leather finishing; the manufacture of leather products; and the domestic and international marketing and sale of these goods. The analysis is based mainly on interviews conducted in April and May and updated in October 2025 with seven key informants, one for each stage.



DIAGRAM 3: ACTIVITIES AND ACTORS ACROSS THE LEATHER SECTOR VALUE CHAIN

01

LIVESTOCK FARMING FOR RAW HIDE SUPPLY

STATUS

Despite ongoing economic instability and conflict-related disruption, livestock farming, particularly in the Idlib, Hama and northern Aleppo regions, continues to function as a largely active sector. Breeders in these regions have shifted their focus primarily toward the rearing of cattle (veal) and goats, while the breeding of sheep and camels has diminished significantly over the past decade. This decline is attributed to reduced consumer demand for sheep and camel meat, which is now considered a luxury commodity due to its high cost, and the relative affordability of cattle and goat farming, which relies on natural pastures rather than commercial feed inputs. Although no comprehensive livestock census data are available, qualitative assessments suggest a substantial number of goats are reared on both seasonal and annual bases. Key livestock-raising areas include rural towns such as Al-Dana, Sarmada, Maarat Misrin, and Azaz.

In Hama and Rural Damascus, key informants reported a similar pattern. Before the war, profits largely derived from sheep and camel meat, where the latter was considered a traditional staple in Rural Damascus, particularly the Qalamoun region. Following the rapid economic collapse, rising living costs, market isolation, and supply-chain disruptions, many livestock breeders shifted toward lower-cost cattle and goats. This transition substantially reduced sheep herds and, by extension, the availability of high-value sheep hides

Across Syria, particularly the northwestern and central parts, the primary objective of livestock rearing has increasingly centred on the sale and consumption of meat, with the production of hides relegated

to a secondary role. Field observations and stakeholder accounts indicate that demand for hides and skins is currently very limited. Nevertheless, producers routinely collect and preserve hides post-slaughter particularly in anticipation of potential buyers. According to a trader and livestock breeder who owns a livestock farm in Idlib, “We don’t raise livestock for hides. That is now a secondary issue because the demand for hides and skins is extremely low now. Yet, we try not to throw hides away, we try to preserve them, as much as we can, specifically when there is a buyer”. A livestock breeder in Hama explained: “We used to see strong demand for preserved sheep hides from eastern Syria, where many of my buyers were based. However, limited access to that region has depressed domestic demand. As a result, we now preserve hides only to order, only when there is a confirmed buyer.”

Seasonal productivity is subject to variation depending on fodder availability, climatic conditions, and animal health. However, robust demand for meat, especially from restaurants and meat vendors in urban centres like Idlib, Aleppo, Hama and Damascus, has rendered livestock farming a relatively profitable economic activity. Azaz continues to serve as a primary regional hub for livestock trading, a role that has become more pronounced since access to Aleppo’s central market was curtailed in 2016. This role continues to persist even after the fall of Assad’s regime and the gradual openings of domestic markets. A livestock trader from Aleppo emphasised that “Aleppo’s previous [pre-war] trading status will take more than a decade to recover. So, we now rely on new vendors and suppliers

from Azaz and Idlib”. Likewise, the reopening of domestic markets after December 2024 revitalized Hama—long a hub for meat production—and reconnected it with previously isolated markets in central and northern Syria.

Livestock are typically raised in basic pens and later transported to open-air markets or certified slaughterhouses for halal processing. A standard fee of roughly USD 0.75 per animal is charged for health certification.⁷⁰ After slaughter, the meat is distributed to specialised butchers and retail outlets for sale. The local livestock population includes native breeds such as the Awassi sheep, which is renowned for its adaptability and meat quality, as well as mountain goats, small cattle herds, and camels.

Hide collection remains a routine but economically marginal component of this value chain. Following slaughter, hides are preserved and sold intermittently to traders or intermediaries who either deliver them to regional tanneries or connect them to downstream actors within Syria’s fragmented leather sector. Currently, no local leather processing or manufacturing is taking place in the northwest; raw hides are either stockpiled or sold unprocessed. By contrast, limited processing continues in Hama, Aleppo and Damascus, supported by their legacy tannery capacity, whereas the northwest has traditionally served as a supplier of raw hides rather than a manufacturing hub. As one Damascus workshop owner noted, “small-scale leather processing is still happening in Damascus. We are in survival mode rather than profit-making.” Based on our field observations, there is cautious optimism among livestock breeders following the fall of the Assad regime in December 2024, with producers in Hama and Idlib expressing hopes for stronger demand in the Aleppo and Damascus markets. However, no recent data yet substantiates a meaningful increase in demand.

This indicates that the regional leather value chain is highly truncated, limited to upstream activities: slaughter, hide collection, basic preservation, and primary sale, without further domestic value addition through tanning or finished goods production.

MAIN CHALLENGES

► ECONOMIC DISINCENTIVES AND MARKET FRAGMENTATION

The current structure of the raw hide value chain in Syria offers minimal economic incentives for livestock breeders to invest in hide preservation or quality improvement. Hides are largely treated as secondary by-products of meat production, with most livestock breeders focusing their economic activities on meat sales due to relatively higher demand, particularly since December 2024. The absence of structured pricing mechanisms, quality-based premiums, or dedicated market channels for hides further diminishes the motivation to treat hides as a valuable commodity.

Furthermore, the market for hides is largely informal and fragmented. Breeders, across Syria, typically sell hides to a limited pool of specialised traders or intermediaries who act as gatekeepers to downstream markets, including tanneries. These intermediaries exert considerable control over pricing and market access. There are no formal hide auctions or organised market structures that would allow breeders to compare offers or increase competitiveness. As a result, producers operate with little to no bargaining power and face unpredictable income streams from hide sales.

⁷⁰ Due to the Syrian Pound depreciation, and the political and geographical fragmentation of Syrian regions, traders and merchants in northwestern Syria usually resort to Turkish Lira in their financial transactions. In July 2025, 1 USD = 40.07 Turkish Lira = 12,800 Syrian Pound (on average).

► **UNREGULATED PRICING AND ABSENCE OF INSTITUTIONAL SUPPORT**

Hide prices fluctuate significantly based on seasonality, perceived quality, and informal negotiations, in the absence of official price standards or transparent valuation criteria. There is no fixed pricing scheme or grading system to standardise market transactions at the national level, which increases the risk of exploitation and discourages producers from improving quality.

Since December 2024, Syria’s transitional authorities have thus far failed to advance the sector’s sustainability. Nonetheless, some state-run feed companies/institutions operating at the governorate level have shown responsiveness to breeders’ needs. For example, feed companies in Latakia and Daraa reportedly reduced prices by 15–30% in response to breeder requests and to support the sector. Even so, several breeders in Daraa contend that the branch-announced prices offer little advantage over prevailing market rates, with one noting that “these discounts are offset by transportation costs from distant warehouses.” By contrast, private traders often supply feed closer to herds and provide instalment options with flexible repayment terms.

Moreover, there are currently no formal awareness programs or technical guidance from national or local authorities on best practices for hide handling and preservation. Farmers and slaughterhouse workers lack training on proper flaying techniques and on the commercial value of hides. Additionally, no financial or preferential incentives are offered based on hide quality, which reinforces a cycle of neglect and underinvestment.

OPPORTUNITIES AND RECOMMENDATIONS

Despite current limitations in the raw hide sector, our key informants have identified several targeted interventions which present clear opportunities for value chain development and livelihood enhancement:

► **Structuring Markets and Clear Regulations**

At present, hides are sold individually to a limited number of traders at low and fluctuating prices. Establishing collection points or cooperatives for sorting, classifying, and collectively marketing hides would empower breeders and producers, and improve their leverage over price negotiation, which in turn might incentive more livestock farmers to preserve hides and skins.

Additionally, state-run feed institutions, at the national and sub-national levels, need to set up temporary feed depots/mobile distribution points within 10–20 km of major herding areas, such as Hama, Idlib, Daraa and Rural Damascus. This could be accompanied by contracting local transporters by route with capped tariffs or a pay per ton-km payment scheme to neutralize distance penalties.

► **Public–Private Feed Distribution with Targeted Finance**

To extend reach and lower effective feed costs, state institutions should accredit established private traders as official outlets of the governorate feed companies. Accredited traders would receive feed at the state’s wholesale price on the condition that they sell at a posted ceiling price; maintain minimum buffer stocks in proximity to herds; and offer standardised instalment plans with capped service fees. This public–private model leverages traders’ existing networks and last-mile logistics while preserving state oversight on price, volume, and quality. To make the model financeable, the transitional authorities could provide revolving working-capital lines both to accredited traders (to hold inventory) and to breeders (to purchase feed on instalments).

► **Quality-Linked Incentives for Farmers and Abattoirs: Raising Awareness Among Producers**

Most livestock breeders currently disregard hides as a valuable commodity due to limited knowledge of their economic potential. Awareness-raising campaigns targeting breeders, traders, and butchers could shift perceptions and encourage better handling practices. By emphasising the potential commercial value of high-quality hides, producers may be more inclined to adopt improved preservation and processing methods.

Additionally, an incentive scheme could be introduced by the relevant government entities, by creating a simple, performance-based scheme that pays cash premiums and in-kind support for hides that meet basic quality standards at the point of flaying and preservation. This scheme could be co-funded by the government and international donors and administered through municipal abattoirs and chambers/cooperatives to reflect the meat-first economics, fragmented trading, and weak preservation practices described in Activity 1.

► **Role of Development Actors and Local Governance Institutions**

Local and international NGOs, as well as local councils and other relevant technical directorates, have the opportunity to support livestock farming stage of the leather sector value chain by offering targeted technical assistance, in-kind resources (e.g., preservation kits), and small-scale financial support to breeders and slaughterhouses. These efforts could strengthen the leather economy and support broader objectives of resilience and livelihood recovery.

02

COLLECTING AND PRESERVING RAW HIDES

STATUS



The collection of raw hides in most areas in Syria is dominated by traditional, inadequate and informally coordinated practices. Activity is driven primarily by livestock traders and both public and private slaughterhouses. For instance, no formal networks or professionally managed enterprises currently specialise in hide aggregation or processing in the entire region of north-western Syria. By contrast, in Hama and Damascus small-scaled enterprises are gradually gaining momentum due to the increasing quantity of raw hides coming from the northern slaughterhouses. Similarly, the newly acquired accessibility to tanneries and skin workshops in Aleppo has been gradually incentivising producers to follow a higher standard in the collection and preservation stage of the leather sector value chain.

The collection and preservation process follows similar patterns across Syria. This process is summarised below:

- **Post-Slaughter Retrieval:** Animals are slaughtered in state-run governorate/municipal or private abattoirs, after which hides are removed on-site.
- **Preservation:** Immediately following flaying, hides are manually salted and left to sun-dry in open areas adjacent to the slaughter facilities. Here, it is important to note that the salt used in the drying process is regular salt (table salt) rather than a specialised drying salt for leather, which reduces the storage quality, as the leather is kept for a period of a week at most, compared to two or three weeks if a special drying salt is used.

- **Transfer to Traders:** Once sufficiently dried, hides are sold by slaughterhouse operators or livestock breeders either directly to hide traders or via local intermediaries
- **Upstream Movement:** Specialist traders consolidate batches and transport them to domestic tanneries for further processing, typically in larger urban centres such as Aleppo, Azaz, Hama and Damascus (Al-Zablatani area).

Reliable quantitative data on hide volumes are unavailable; however, field observations indicate large daily slaughter numbers for both goats and cattle and relatively fewer quantities of sheep, with corresponding hides entering the informal market. Major urban centres function as primary livestock supply hubs and, by extension, key sources of hides.

MAIN CHALLENGES

► Inadequate Infrastructure

The absence of purpose-built storage depots, refrigerated units, or even basic shaded shelters severely constrains post-slaughter preservation. Hides are routinely dried on bare ground or rooftop surfaces, exposing them to dust, insects, and airborne contaminants. Informal transport, often by motorbikes or small vehicles without protective covering, adds further risk, particularly over long distances between slaughterhouses and sales points where high ambient temperatures and humidity accelerate spoilage.

► Technical and Human-Capacity Deficits in Hide Handling

Manual flaying, conducted with rudimentary tools and limited skill, frequently results in perforations and tears that diminish hide value. Preservation techniques rely on ad-hoc salting and sun-drying, implemented without knowledge of appropriate salt ratios, exposure times, or climate considerations. Inexperienced workers, coupled with a lack of structured training or extension services, means that many hides deteriorate irreversibly within 48–72 hours of slaughter, rendering them unsuitable for higher-grade industrial processing.

► Weak Market Demand and Lack of Quality Control

Demand for locally produced hides remains subdued, leading some abattoirs to discard skins rather than incur preservation costs. No formal oversight exists to monitor quality at the points of collection, drying, or storage, and there are neither financial incentives nor regulatory standards to encourage improved practices. The resulting absence of price differentiation on quality further erodes producers' motivation to invest in better handling, perpetuating a low-value, high-waste chain.

OPPORTUNITIES AND RECOMMENDATIONS

► Investing in Technical Capacity and Physical Infrastructure

- **Flaying and Handling Training:** Providing tailored capacity-building programmes for butchers, slaughterhouse workers, and hide traders on correct skinning techniques that minimise perforations and surface damage.

- **On-Site Preservation Facilities:** Supporting the installation of small salting units adjacent to slaughterhouses or within collection centres to allow immediate, standardised preservation using approved salt ratios and hygienic drying racks under shade.
- **Storage and Transport Enhancements:** Establishing well-ventilated or, where feasible, refrigerated mini-warehouses for short-term hide storage; in addition to facilitating access to purpose-designed transport vehicles to mitigate heat and humidity exposure enroute to tanneries.

► Institutional Co-ordination and Supply-Chain Governance

- **Formalising Collection Teams:** By establishing officially recognised hide-collection units within slaughterhouses and municipal abattoirs, linked contractually to traders, tanneries, or downstream processors.
- **Governance Co-ordination Mechanisms:** Developing a scheduling and reporting protocol between local authorities (such as local councils), abattoirs, and licensed traders, particularly during peak slaughter periods (e.g. religious festivals), to ensure that no hides are lost or discarded.
- **Centralising Aggregation Points:** This could be achieved by designating and regulating regional collection hubs connected to leather markets across Syria, in addition to the rehabilitation of the already established, albeit limited, manufacturing workshops and export facilities in Hama, Aleppo, and Damascus, thereby improving traceability and reducing post-slaughter wastage.

03

PROCESSING RAW HIDES INTO TANNED LEATHER

STATUS

Prior to the outbreak of conflict, leather tanning constituted a significant resource-based manufacturing activities, drawing upon a steady supply of raw hides from municipal slaughterhouses across the country. In the years immediately preceding 2011, the number of tanneries in Damascus alone has dropped from around 250 to 80 active tanneries operated in and around Damascus, with the greatest concentration situated in the inner-city districts of Zablatani, Ayn Tarma, and al-Qadam.⁷¹

Between 2009 and 2010, government policy mandated the relocation of these enterprises to the newly established Adra Industrial City on the capital's outskirts. Although intended to rationalise production and mitigate urban pollution, the move imposed substantial financial and logistical burdens on tannery owners. A significant proportion of them proved unable to absorb the costs of transferring equipment, re-establishing utilities, and meeting revised regulatory requirements. As a consequence, sectoral output and employment contracted sharply. At present, fewer than ten workshops remain operational in Adra Industrial City, and most function well below installed capacity.

In essence, municipal abattoirs, independent butchers, and itinerant traders collect skins in urban and peri-urban markets and dispatch them to Adra following rudimentary sorting. Pricing is entirely market-driven, with no standardised tariff or organised marketing board. Transaction values fluctuate daily in line with the volume, species, and quality of hides available, as well as the variable purchasing power of the few remaining tanneries.

⁷¹ According to an owner of an active tannery based in Damascus.

MAIN CHALLENGES

► Operational and Resource Constraints

The tanning process is intrinsically water-intensive, yet the industrial zone of Adra faces chronic water shortages. Tanneries are therefore compelled to purchase water from private tankers at elevated prices, significantly inflating unit production costs. Parallel pressures stem from high and volatile electricity tariffs: kilowatt-hour charges have periodically reached USD 0.17–0.20,⁷² undermining the cost competitiveness of domestic output. Compounding these input constraints is an acute deficit of skilled labour. Years of conflict have precipitated the emigration of experienced technicians, while the absence of modern vocational programmes impedes the development of a new cohort of craftsmen conversant with contemporary tanning technologies. Access to finance is equally limited; specialised credit lines or banking services for industrial upgrades are largely unavailable, rendering capital renewal both difficult and costly.

► Market Competitiveness and Quality Erosion

Export activity has contracted sharply since the onset of conflict, redirecting a substantial share of tannery output toward the depressed domestic market. Weak purchasing power at home has pressured producers to compete almost exclusively on price, frequently at the expense of process rigor and product quality. According to a tannery owner in Damascus, “Syrian leather, which once held a respectable position in regional markets, now suffers from declining standards and a tarnished reputation”. This quality deterioration further constrains the sector’s ability to regain export footholds, perpetuating a cycle in which limited revenues impede investments needed for quality enhancement and technological modernisation.

OPPORTUNITIES AND RECOMMENDATIONS

► Resource Provision and Industrial Upgrading

The provision of treated water at cost-reflective but affordable tariffs within designated industrial zones represents an essential pre-condition for restoring tanning throughput and quality. Parallel efforts are required to revise electricity pricing structures for export-oriented manufacturers, thereby narrowing the input-cost differential with regional competitors. The launch of specialised vocational training programmes, implemented in partnership with private-sector associations, would facilitate the transfer of contemporary tanning techniques and operational standards to a new cohort of skilled workers. In addition, the facilitation of modern machinery imports, coupled with the establishment of concessionary credit lines, would enable the renewal of obsolete production assets and the adoption of cleaner, more efficient technologies.

► Targeted Fiscal Incentives and Regulatory Streamlining

- The introduction of a dedicated policy instrument for the tanning subsector would further consolidate competitiveness gains. This could include:
- The provision of complementary tax relief measures, such as temporary exemptions from import duties on specialised machinery and accelerated depreciation allowances for environmental

compliance investments.

- The establishment of a single-window licensing and inspection facility within industrial zones, which would markedly reduce administrative delays, while an introduction of a clearly defined schedule of fees would mitigate discretionary levies.
- The allocation of a modest, performance-linked export rebate fund, combined with government-sponsored participation in regional leather expos, in order to incentivise quality upgrading and facilitate the re-entry of Syrian tanneries into the regional and global market.

04

PROCESSING RAW HIDES INTO TANNED LEATHER

STATUS

Leather finishing in Syria, the final stage in the tanning chain, takes place within the same facilities that perform all preceding treatments, from chrome tanning through to re-tanning and grading. At present, the majority of these integrated plants operate at medium-to-low utilisation rates. Contributing factors include weakened domestic demand, an almost complete collapse of export activity, rising operating costs, and an increasingly unreliable supply of raw hides linked to declining livestock numbers. According to our key informants, all the current operational tanneries rely on ageing machinery that no longer meets contemporary international standards for finishing, surface treatment, or environmental efficiency. Profit margins are correspondingly thin, constrained by elevated energy tariffs, limited government support, and the absence of stable export outlets.

Raw hides, sourced from private abattoirs or middlemen working with butchers, enter the premise for initial preservation and chrome tanning. A subsequent re-tanning phase adjusts softness, colour, and purity, after which skins proceed to final finishing (grading, surface coating, and conditioning) readying them for downstream manufacturing. A tannery owner in Damascus emphasised that “Bottlenecks between stages are minimal so long as all processes remain under one roof”; the critical constraint lies instead in “marketing finished leather either domestically or abroad.”

Market conditions exert a decisive influence on whether finishing is completed in Syria or not. Our key informants indicate that approximately 70% of locally produced hides are exported at a semi-processed stage, usually after chrome tanning or re-tanning, to neighbouring countries like Lebanon, Iraq and Saudi Arabia. This reflects limited domestic purchasing power and the small number of manufacturers able to absorb fully finished leather. Collectively, the sector’s reduced scale, obsolete equipment base, and constrained market access have relegated full in-country finishing to a niche activity, leaving Syrian tanneries dependent on semi-processed hide exports and perpetuating a cycle of under-investment and technological stagnation.

⁷² This is considered by our key informants to be well above the sub-USD 0.12 levels observed in neighbouring countries, such as Jordan or Turkey.

MAIN CHALLENGES

► High Input Costs and Capacity Constraints

The finishing stage of the leather sector value chain faces escalating production costs owing to the high price of imported tanning chemicals. Although these inputs are not directly restricted by international sanctions, freight, insurance and payment complications inflate procurement costs, eroding profit margins. Simultaneously, a pronounced shortage of skilled labour, exacerbated by out-migration of experienced craftsmen and the absence of structured vocational pathways, has led to a loss of specialised know-how essential for high-quality finishing. The scarcity of affordable finance further compounds the problem; limited access to bank credit or targeted government support impedes investment in modern finishing technologies, locking tanneries into low-productivity operations.

► Low Domestic Demand and Unfavourable Export Dynamics

Weak purchasing power within the Syrian economy curtails local uptake of finished leather, compelling tanneries to channel the bulk of output towards export markets at discounted prices. Reliance on low-margin sales of semi-processed hides diminishes the economic incentive to complete the full finishing cycle domestically, thereby constraining value addition and employment generation.

OPPORTUNITIES AND RECOMMENDATIONS

► Technological Modernisation and Quality Enhancement

The adoption of contemporary finishing technologies, such as automated spray-finishing lines, eco-efficient chemical formulations, and computerised colour-matching systems, would substantially elevate product quality and unlock higher-value market. Targeted incentives for technology transfer, demonstration projects, and technical partnerships with established international firms could accelerate this upgrade trajectory. When coupled with structured professional training and the re-skilling of remaining tannery personnel. A key informant stressed that “such modernisation would bolster process efficiency, reduce chemical waste, and yield leathers that meet the specifications of premium export buyers.”

- Integrated Value-Chain and Market-Access Policies
- A coherent industrial policy that encourages the completion of the full processing cycle domestically through selective restrictions on the export of raw or semi-processed hides and preferential tariffs on finished leather would maximise value addition of the finishing stage in Syria. Complementary measures should include:
 - The facilitation of direct procurement contracts between Syrian tanneries and international leather buyers, thereby bypassing cost-adding intermediaries and enhancing price realisation.
 - The creation of sector-specific trade-promotion programmes (e.g., dedicated leather export desks, subsidised participation in global fairs, and targeted marketing campaigns) to re-establish brand presence in regional and European markets.

05

MANUFACTURE OF LEATHER PRODUCTS

STATUS

Prior to 2011, the manufacture of leather products, particularly footwear, belts, and wallets, constituted a vibrant craft sector in the major urban centres. Production was largely small scale and family based, with skills transmitted across generations. An owner of a leather workshop in Hama shared that “before the war, individual workshops were reputed to consume in excess of 20,000 square feet of leather each month.” Domestic demand was complemented by regular exports to Gulf markets, while profit margins in artisanal workshops reportedly exceeded 15% per unit – according to our key informants.

The security and economic upheavals that followed 2011 precipitated a sharp contraction in activity. Many proprietors relocated first to Idlib and subsequently to Azaz, only to encounter markedly weaker purchasing power and limited access to quality inputs. The importation of high grade synthetic leather, once a cost efficient substitute for natural hides, became increasingly difficult, further eroding competitiveness. A parallel out migration of skilled craftsmen, some of whom entered military service, led to a pronounced loss of artisanal expertise.

Although hostilities have abated since December 2024, recovery remains constrained by several demand side and supply side factors. The domestic market is saturated with lower cost Turkish footwear, and some Syrian factories have turned to inferior raw materials, intensifying price based competition and undermining perceptions of quality. The Gulf market, previously a primary outlet for Syrian leather goods, has yet to return to pre crisis levels; “the reopening of the gulf market would be pivotal for a sustained revival to our industry”, according to a footwear owner.

Raw material sourcing illustrates persistent bottlenecks. Hides are graded from first to tenth quality, each category commanding a distinct price and destined for different end uses. Because quality differentials become fully apparent only after the finishing phase, most manufacturers prefer to purchase through trusted intermediaries in specialised wholesale markets, primarily Manakhliya in Damascus or al Salihin in Aleppo, rather than buying directly from slaughterhouses or tanneries, thereby mitigating the risk of adulteration.

MAIN CHALLENGES

► Escalating Input Costs and Erosion of Production Capacity

The industry confronts a steep rise in all cost components, imported hides and auxiliary materials are priced in US dollars, while finished goods are sold in a rapidly depreciating Syrian pound, generating persistent exchange rate losses. Commercial rents in traditional manufacturing hubs such as Hama have increased sharply, and working capital has been depleted after years of displacement and economic instability. Concurrently, a significant share of skilled artisans has exited the sector, leading to a loss of tacit knowledge and undermining workshop productivity. The combined effect of cost inflation and labour attrition constrains the ability of surviving firms to sustain output or invest in quality improvement.

► Weak Domestic Purchasing Power and Intensified Import Competition

Local consumers, faced with diminished real incomes, are unwilling or unable to pay the USD equivalent prices (e.g., USD 15–30 for a pair of hand crafted leather sandals) required to cover producers’ cost structures. This demand gap is exacerbated by climatic factors that limit year round utilisation of leather footwear in Syria. At the same time, the domestic market has been inundated with lower priced imports from China and Turkey, manufactured with inferior hides but appealing to cost conscious buyers. The continued closure, or only partial reopening, of high value Gulf markets deprives Syrian producers of crucial export outlets where product quality could command higher margins. Without renewed access to these external markets, the prospect of restoring the economic viability of the craft remains limited.

OPPORTUNITIES AND RECOMMENDATIONS

► Re-establishing Input Supply Chains and Cost Stability

Collective procurement mechanisms, coordinated through chambers or local cooperatives, could enable small workshops to buy in bulk at negotiated rates, and thus, ease exposure to exchange-rate fluctuations and stabilising input costs. These chambers or cooperatives could also publish monthly indicative prices for key materials to prevent market manipulation and enhance transparency. Such measures would help rebuild confidence among small producers and restore regular production cycles.

► Reviving the Skilled Workforce and Workshop Capacity

Introducing short-term apprenticeship schemes, managed through municipal chambers, could pair returning master artisans with younger trainees, providing stipends or wage support during the training period. This would preserve traditional skills, create employment for displaced youth, and rebuild the productive base of the craft. Workshop rehabilitation grants—tied to participation in such schemes—could accelerate recovery while ensuring that public support translates into visible output.

06

SELLING MANUFACTURED LEATHER PRODUCTS (DOMESTICALLY)

STATUS

The Syrian retail market for leather products is currently characterised by pronounced volatility, reflecting the broader macro economic fragility facing the country. Popular street markets that once served as vibrant distribution nodes for domestically produced, high quality leather items now operate within an environment of depressed consumer purchasing power and shifting demand patterns.

Prior to the conflict, regular clientele sought out locally crafted footwear, handbags, and belts made from premium natural hides, valuing artisanal workmanship and durability. This customer base has since dwindled—owing to emigration, income erosion, and altered consumption priorities—undermining the viability of small workshops and factories that historically supplied the domestic market.

In response, many retailers have pivoted towards lower priced imports from China, Viet Nam, and Turkey, often manufactured from synthetic or lower grade leather substitutes. Price has become the dominant purchasing criterion, eclipsing considerations of material quality or product longevity. Consequently, the shelf space once reserved for recognisably Syrian leather goods is increasingly occupied by cheaper, mass produced alternatives.

Retailers operating in popular markets typically lack the capital to engage in direct importation. Instead, they source inventory through larger wholesalers based in Damascus and Aleppo who import in bulk and redistribute across regional markets. A minority of traders also maintain supply relationships with the few remaining domestic workshops in Aleppo and Hama; these producers continue to manufacture leather shoes, bags, and wallets at modest prices and acceptable quality levels. Such diversification allows retailers to cater to bifurcated consumer preferences: a price sensitive segment purchasing the least cost option and a smaller cohort still willing to pay a moderate premium for locally made items of higher quality.

According to a leather retailer in Rural Damascus, “the domestic market now favours cost over craftsmanship, leading to a contraction in demand for traditional Syrian leather goods and a reorientation of retail strategies towards imported, lower value products.”

It is worth noting that after the gradual lift of sanctions, domestic producers report a cautious rise in confidence. Early improvements in payment channels, tentative interest from regional buyers, and signs of stabilising input costs have encouraged workshops to plan beyond the immediate term. Producers in Rural Damascus indicate that orders, though still modest, are returning, while retailers in Aleppo observe renewed customer interest in locally made belts and bags. Together, these signals suggest the possibility of a measured revival in the leather value chain, provided supply stabilises and prices remain manageable.

MAIN CHALLENGES

► Demand Contraction and Price Volatility

The Syrian leather goods market has entered a pronounced state of stagnation, driven primarily by a steep decline in consumer purchasing power. Widespread income erosion has curtailed spending on discretionary items such as footwear, bags, and accessories. Compounding this demand shock is severe exchange rate volatility: daily fluctuations in the US dollar rate render price setting unpredictable for retailers and manufacturers, undermining confidence throughout the supply chain.

► Competitive Pressures on Domestic Producers

Local workshops and factories wrestle with a cost structure that exceeds that of imported goods. Rising expenses for raw hides, synthetic inputs, utilities, and labour have forced up retail prices, even as consumers prioritise lowest cost options. This shift in consumer behaviour marginalises artisanal producers and pushes retailers towards cheaper imports, eroding the sector's traditional reputation for craftsmanship and further constraining prospects for recovery. Furthermore, over the past decade, importers faced sharply higher landed costs owing to sanctions related payment hurdles, elevated freight charges, and increased customs duties. These factors deter the procurement of large volumes and complicate supplier relationships.

Against this backdrop, the gradual easing of international sanctions has prompted a cautious but perceptible uptick in confidence among domestic producers. Workshop owners report renewed inquiries from regional buyers, modest improvements in payment channels, and early signs of stabilising input costs, fuelling expectations of a measured revival in tanning and finished-leather production. As one leather producer in Rural Damascus noted, “orders are still small, but for the first time in years the phone is ringing from outside our district—we can plan beyond next month.” A leather retailer in Aleppo echoed this guarded optimism: “customers are asking again for locally made belts and bags; if supply steadies and prices hold, we could bring Syrian leather back to the front of the shop.”

OPPORTUNITIES AND RECOMMENDATIONS

► **Re-linking Syria's Leather Corridors:** Producers and merchants we interviewed consistently argued that recovery hinges on stitching Aleppo and Damascus back into a single working market. They asked for regular, paired wholesale days in Souq al-Hamidiyah and Aleppo's Old City where retailers place firm pre-orders for belts, bags, and small leather goods. To make those orders feasible, workshop owners proposed pooled purchasing of inputs (salt, chrome/alum, linings) run through chambers or cooperatives, so small shops “buy like the big guys” and narrow the cost gap with imports.

► **Fiscal and Infrastructural Incentives:** A time-limited package of targeted tax measures can free cash for inputs and wages while factories restart. VAT deferral on core inputs until retail sale, and customs waivers on essential machinery and wastewater equipment could immediately improve cash flow. Some domestic producers in Hama and Damascus indicated that an accelerated depreciation for equipment installed in 2025–2026 would allow leather firms to write off a large portion of new machinery in the first year—e.g., a 50% “bonus” deduction—then depreciate the remainder on an expedited schedule. This front-loading reduces taxable income during the restart phase, freeing cash for hides, chemicals, and payroll while bringing unit costs down sooner

► **Integrated Value-Chain Support:** This could be achieved by launching a state-backed, industry-run platform that reconnects the leather chain, such as manufacturers, traders, input suppliers, labs, and logistics, so orders and payments move through one channel. Along these lines, many key informants suggested the publication of a bi-weekly benchmark ranges and effective landed costs to keep pricing transparent by the relevant institutions at the provincial and national levels.

07

SELLING MANUFACTURED LEATHER PRODUCTS (INTERNATIONAL EXPORTS)

STATUS

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The export performance of Syria's leather industry has deteriorated markedly since 2011, which was further declined when the COVID 19 pandemic compounded an already fragile economic environment. Commercial and industrial activity has remained largely paralysed for nearly four years, constraining every stage of production and trade. Prior to this downturn, Syrian raw hides, particularly ovine skins, maintained a modest presence in international markets; however, the sector had yet to transition fully from artisanal tanning to modern, value added manufacturing. According to our key informants, more than 65% of hides leave the country in semi processed form, depriving domestic producers of higher margins and limiting opportunities for employment and technology upgrading.

Ovine/goat skins are generally dispatched after the initial chrome tanning phase, while bovine/cattle hides tend to be shipped at a somewhat later stage of treatment. Syrian diaspora entrepreneurs, descendants of pre war tanners, have established import firms that channel these materials into Italian manufacturing clusters. Pricing is effectively set by these diaspora controlled networks, reflecting supply and demand dynamics in European markets rather than competitive tender. In contrast, fully finished leathers (and a very small volume of traditional footwear) are sold to traders in Jordan and Lebanon, who either undertake further processing or re export to global buyers.

As mentioned in previous stages of the leather sector's supply chain, the upstream supply system begins with slaughterhouses or independent collectors, many of whom operate outside formal abattoir channels. Tanneries purchase raw hides directly from these sources and serve as the central intermediaries in the export chain. Long standing, trust based relationships, particularly in Damascus, govern transactions between tanners and suppliers, mitigating domestic disputes but also inhibiting market entry and competition. At the international level, the reliance on small, family linked trading networks restricts market diversification and exposes exporters to concentrated buyer power. Together with pervasive trade sanctions, elevated shipping costs, and weak local manufacturing capacity, these structural features severely limit Syria's ability to regain its pre conflict export foothold or move up the leather value chain.

Amid the gradual lifting of sanctions, interviewed traders describe a cautious uptick in export readiness: payment channels are reopening, freight quotes are stabilising, and buyers are signalling interest in small trial orders, particularly for belts, small leather goods, and semi-finished hides. Exporters emphasise that compliance and documentation will define the pace of recovery, but they see a pathway back into regional markets (Iraq, Gulf States and North Africa) and, selectively, to higher-spec clients. As an exporter in Aleppo noted, “inquiries are back on the table.” A Zablalani-based trader in Damascus added, “with cleaner banking routes and standard paperwork, we believe that we can quote confidently again and rebuild trust shipment by shipment.”

MAIN CHALLENGES

► Inadequate Policy and Regulatory Support

The absence of a coherent legislative framework to incentivise manufacturing and export activities, combined with high production levies and procedural bottlenecks, constrains firms' ability to scale output to export standards. Limited fiscal or logistical support for industrial upgrading further erodes comparative advantage.

► Limited Market Promotion and Networking Opportunities

Governmental inaction in facilitating participation in international trade fairs, or in hosting buyer oriented events domestically, restricts exposure to potential importers. Although sector specific sanctions are minimal, the broader economic climate created by international restrictions dampens investor confidence and impedes the formation of new export channels.

OPPORTUNITIES AND RECOMMENDATIONS

► Market Access and Promotion Initiatives

- Establishing a government backed export promotion fund to subsidise Syrian manufacturers' participation in major international leather fairs (e.g., APLF, LINEAPELLE)
- Holding an annual "Syria Leather Expo" that invites global buyers.
- Offering fast track visa services and logistical support to foreign importers attending domestic exhibitions, thereby expanding direct contracting opportunities and reducing reliance on intermediary networks.

► Effective Export Policy Framework by the Syrian Government

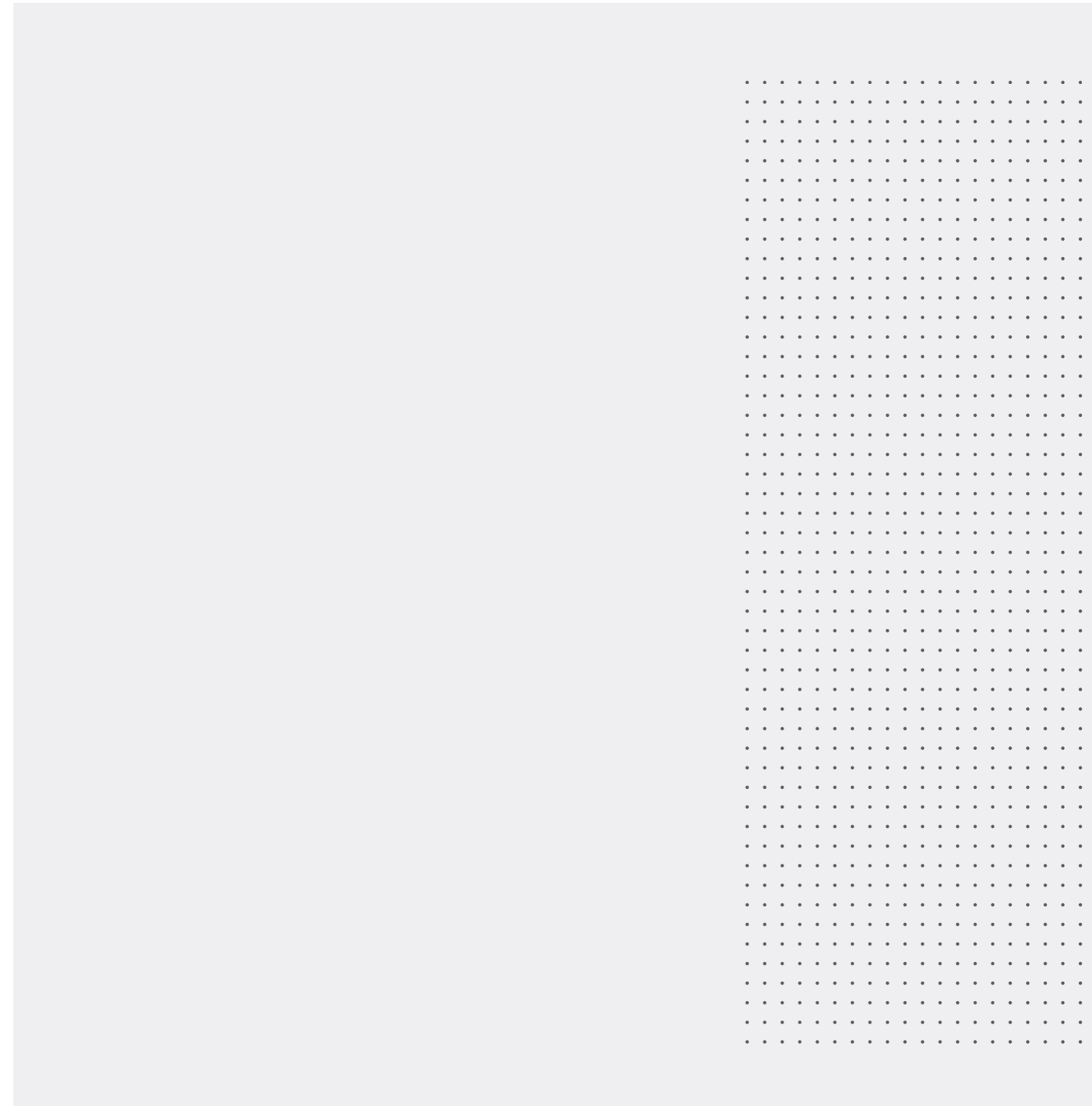
A coherent export policy framework would provide the strategic anchor required for Syria's leather industry to re enter higher value global markets. The decree could obligate firms benefiting from duty free hide imports to complete every processing stage, tanning, finishing, and fabrication, within Syrian territory, thereby maximising domestic value addition and employment. In parallel, a tiered system of export rebates should be introduced: a modest incentive for semi finished leather, a higher rate for fully finished hides, and the most substantial rebate for manufactured leather goods such as footwear and bags. These differentiated incentives would signal a clear policy preference for deeper industrial transformation rather than the continued export of low value intermediates. To reduce administrative friction, the decree could mandate a single window electronic clearance platform capable of processing export documentation within 48 hours, streamlining compliance and lowering transaction costs.

► Turning the Revival of the Leather Sector into More Employment Opportunities

The leather sector can absorb workers quickly because it relies on modular, labour-intensive processes that can restart with modest capital: stitching and finishing lines scale by adding benches rather than whole factories; home-based cells can be activated with basic machines; and existing tanneries, cutting rooms, and workshops in Damascus and Aleppo already have floorspace, supplier links, and know-how. This combination of ready assets, short learning cycles, and incremental equipment needs makes the sector well-suited to fast hiring and measurable output gains.

► Empowering Women and Youth in the Leather Value Chain

It is key to prioritise women-led home stitching cells and youth apprenticeships by pairing starter tool kits (domestic sewing machine, edge tools, skiving knife, basic PPE) with small installation grants disbursed through chambers/cooperatives. This could be achieved more sustainably by encouraging the relevant ministries and provincial institutions to fast-track home-based cells and youth apprenticeships; set up district coordination desks to approve toolkit lists, verify workspace readiness, and assign each cell to a hub workshop; and provide tax/VAT relief on approved tool kits and consumables.



CONCLUSION

The analysis demonstrates that strengthening cross-regional value chains is central to Syria's prospects for economic stabilisation and social recovery. The prolonged contraction in manufacturing and services highlights the urgency of identifying productive sectors capable of restoring economic linkages, generating employment, and reducing dependency on imports. The literature review conducted in the first phase of this study identified a set of selection criteria, including economic feasibility, job creation, added value and reduced external dependency, cross-regional and feasibility under the current conditions, collectively provide a robust framework for prioritising sectors that can offer meaningful contributions to early recovery and economic development. These criteria capture not only economic considerations but also Syria's social and territorial dynamics. They emphasise that reconnecting fragmented regions, reinforcing local complementarities, and rebuilding trust among economic actors are not secondary benefits but essential components of any viable development process.

The fieldwork confirms that, when applied in an integrated manner, these criteria help distinguish sectors that remain functional, rely on local resources, and carry genuine potential for expansion despite challenges in the post-Assad transition. Across interviews, experts consistently highlighted the importance of sectors that can generate broad-based employment, enhance food security, support rural livelihoods, and revive industrial capabilities through value addition rather than raw-material extraction alone. The evidence also shows that the most viable chains are those that already maintain cross-regional linkages and connect farmers to processors and local producers to internal and external markets. This systematic assessment ultimately points to three value chains that best meet the combined selection criteria: canned food products, dairy products, and leather goods. Each represents a sector with deep historical roots, locally available inputs, the capacity to absorb labour, potential to compete, and capacity to restore cross-regional economic ties.

CANNED FOOD SECTOR

The analysis demonstrates that the canned food sector remains one of Syria's most resilient productive activities, maintaining continuity across regions despite prolonged conflict and economic contraction. Its foundations lie in a network of small and medium workshops that rely on domestic agricultural produce, family-based labour, and long-standing market linkages. Although production volumes have diminished, the sector continues to function as an essential bridge between rural producers, urban processors, and both domestic and limited export markets, underscoring its role in daily consumption patterns and household food security.

At the same time, the value chain faces entrenched structural constraints. Escalating input costs, unreliable energy supplies, currency depreciation, and the absence of enforceable quality standards continue to undermine competitiveness. Processors operate with ageing equipment, limited access to finance, and weak regulatory oversight, while farmers and traders struggle with high fuel prices, poor transport infrastructure, and lack of storage. Domestic demand remains fragile as purchasing power erodes, and competition from lower-priced imports further compresses margins. These challenges weaken the coordination between actors across the chain and hinder the sector's ability to reach higher-value markets.

The findings indicate that meaningful recovery will require targeted, sequential interventions that reinforce the sector's existing strengths while addressing its structural weaknesses. Improving access to affordable finance, rehabilitating key infrastructure, and ensuring consistent availability of production inputs would help stabilise operations. Establishing credible quality-control and certification mechanisms is essential for expanding export prospects and improving market confidence. Strengthening cooperatives, supporting women-led processing units, and investing in packaging, branding, and product differentiation would enhance competitiveness and generate inclusive income opportunities. With coherent support, the canned food sector is well positioned to contribute significantly to Syria's broader economic renewal by reconnecting agriculture, manufacturing, and trade in the post-conflict landscape.

DAIRY PRODUCTS SECTOR

The findings in this report show that the dairy value chain remains a central linkage between rural production zones and urban consumption centres, despite years of economic deterioration, climate pressures, and shrinking herd sizes. Livestock once formed a cornerstone of Syria's agricultural economy, and although volumes have declined sharply since 2011, dairy activity continues to provide income, employment, and essential food commodities across wide geographic areas. The sector's value chain activities position it as a critical contributor to household livelihoods and a potential driver of rural economic revitalisation and social cohesion across different regions.

The analysis also demonstrates that the dairy sector is constrained by a combination of structural, financial, and infrastructural obstacles. High feed costs, recurrent droughts, weak veterinary services, and limited grazing areas place considerable strain on producers. Transport and collection networks are fragmented, relying heavily on intermediaries without cold-chain facilities, while processors operate with ageing machinery, frequent power cuts, and restricted access to finance. On the consumer side, diminished purchasing power, currency volatility, and competition from cheaper imports further undermine stability. These pressures collectively limit productivity, reduce quality, and weaken the chain's capacity to expand beyond local markets.

Strengthening the dairy value chain requires a sequenced and realistic set of interventions that address constraints at each stage. Establishing organised cooperatives and collection centres would improve coordination, pricing, and quality control. Investments in veterinary care, modern production technologies, refrigeration, and renewable energy solutions would enhance productivity and reduce operating costs. Expanding access to microfinance and targeted grants would help producers and processors upgrade equipment and diversify their products. In parallel, improving transport infrastructure and stabilising the macroeconomic environment remain essential for long-term sectoral recovery. With appropriate support, the dairy sector could once again serve as a wide-reaching engine of job creation, food security, and rural stability.

LEATHER PRODUCTS SECTOR

The leather sector, once a vibrant component of Syria's industrial landscape, now operates under markedly reduced capacity. The report shows that the value chain, from livestock farming to manufacturing and exports, has been significantly disrupted by the loss of skilled artisans, deterioration of tanneries, and the collapse of organised market linkages. Nonetheless, continued slaughter activity, the presence of small workshops, and the gradual reopening of trade channels indicate that recovery remains possible. The sector retains a substantial labour base and longstanding commercial traditions that could be mobilised for renewed growth.

Yet the analysis highlights deep-rooted constraints that continue to shape its performance. High input costs, outdated technologies, and inconsistent access to water and electricity impede efficient tanning and finishing. Weak market governance, the absence of quality standards, and limited finance perpetuate informality and discourage investment. Domestic demand remains narrow due to shrinking purchasing power, while exports rely heavily on semi-processed hides sold at low margins. In this environment, smaller workshops and tanneries struggle to sustain operations, unable to compete with cheaper foreign goods or access more profitable regional markets.

The pathway toward revitalisation lies in coordinated action that strengthens each stage of the chain rather than isolated interventions. Joint procurement mechanisms could stabilise input prices, while renewed vocational training would rebuild artisanal capacity and support domestic manufacturing. Export facilitation measures, including streamlined documentation, market promotion, and targeted incentives, could reopen access to Gulf and regional buyers. Complementary fiscal measures, such as deferred VAT and temporary duty reductions on essential machinery, would provide needed liquidity. With carefully prioritised support from local authorities, business associations, and development partners, the leather sector could re-establish itself as a labour-intensive industry capable of contributing meaningfully to Syria's economic transition.

Across the three value chains analysed in this report, clear patterns emerge that show the interdependence of Syria's productive sectors and the value of adopting a comprehensive value-chain lens. Each chain operates under broadly similar constraints: weakened agricultural inputs, deteriorated transport infrastructure, unreliable energy supply, limited access to finance, and fragmented market governance. These shared challenges reveal that strengthening agriculture is not only vital for food-related industries but equally essential for manufacturing sector. Similarly, improvements in roads, electricity, storage, and certification systems would simultaneously enhance productivity and market access across all three chains. The analysis also shows that no single sector can recover in isolation, where processors depend on farmers, manufacturers depend on transport networks, exporters depend on regulatory clarity, and all actors depend on stable macroeconomic conditions. Addressing these systemic bottlenecks therefore requires close coordination between private businesses, cooperatives, local authorities, and national institutions. A value-chain approach helps illuminate these cross-sectoral linkages, allowing policymakers and development actors to identify where targeted interventions can yield broader economic and development spillovers.

