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How to Jumpstart Economic Recovery in Syria?

The role of syrian entrepreneurs in Turkey

Turkey/Middle East Program

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Abstract

This report examines the potential role of Syrian-partnered companies operating in Türkiye in supporting economic recovery and reconstruction efforts in Syria. Based on data collected through field research and surveys conducted by the Economic Policy Research Foundation of Türkiye (TEPAV), the report provides an overview of the business characteristics, sectoral distribution, and cross-border economic activities of Syrian entrepreneurs. The report explores how this business activity could contribute to restoring supply chains, stimulating local production, and generating employment. It also discusses the significance of establishing secure and adequately serviced industrial zones as a vehicle for economic revitalization in Syria. These zones, modeled on Türkiye's Organized Industrial Zones legislation, are presented as a practical approach for concentrating investment and rebuilding economic infrastructure in specific areas. By focusing on the operational capacities and investment intentions of Syrian-partnered firms, the report outlines the conditions under which the private sector could support broader recovery efforts in Syria.

Résumé

Ce rapport examine le rôle potentiel des entreprises partenaires syriennes opérant en Turquie dans le soutien à la reprise économique et aux efforts de reconstruction en Syrie. À partir de données recueillies grâce à des recherches de terrain et à des enquêtes menées par la Fondation pour la recherche en politique économique de Turquie (TEPAV), le rapport dresse un portrait général des caractéristiques des entreprises, de leur répartition sectorielle ainsi que de leurs activités économiques transfrontalières. Il explore comment cette dynamique entrepreneuriale pourrait contribuer à la restauration des chaînes d'approvisionnement, à la relance de la production locale et à la création d'emplois. Le rapport met également en lumière l'importance d'établir des zones industrielles sécurisées et bien équipées comme levier de revitalisation économique en Syrie. Ces zones, inspirées de la législation turque sur les zones industrielles organisées, sont présentées comme une approche pragmatique permettant de concentrer les investissements et de reconstruire les infrastructures économiques dans des régions ciblées. En se concentrant sur les capacités opérationnelles et les intentions d'investissement des entreprises partenaires syriennes, le rapport définit les conditions dans lesquelles le secteur privé pourrait contribuer plus largement aux efforts de relèvement en Syrie.

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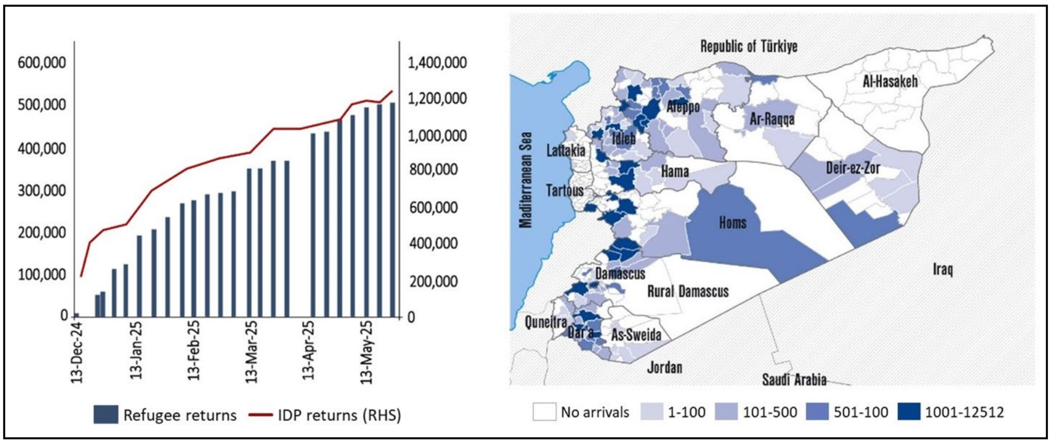
Introduction

The devastation wrought by the Syrian Civil War since 2011 has been multidimensional, but few aspects of the country's collapse have been as systematic and far-reaching as the destruction of its economic foundations. Fourteen years of violence dismantled Syria's industrial capacity, fractured trade networks, and eroded the human capital essential for reconstruction. Beyond infrastructure, institutional structures have weakened, investment has dried up, and millions of workers and entrepreneurs have been scattered across neighboring countries.

The return of displaced Syrians has now emerged as a defining feature of the country's evolving socio-economic landscape since the regime change in December 2024. According to the Office of the United Nations High Commissioner for Refugees (UNHCR) estimates, approximately 515,000 refugees—equivalent to 8.1 percent of the 6.3 million Syrians abroad—have already returned[1]. In parallel, of the 7.4 million Internally Displaced Persons (IDPs), nearly 1.26 million have gone back to their areas of origin, with the majority coming from Idleb and Aleppo. These returnees have predominantly resettled in the governorates of Idleb, Aleppo, and Hama, regions formerly outside government control. At the same time, displacement dynamics still remain fluid, as demonstrated by the estimated 39,000 Syrians newly displaced into Northern Lebanon due to renewed hostilities in early 2025 (Figure 1).

Figure 1: Refugee and IDP returns to Syria - Geographic distribution of refugee returns



Source: UNHCR, Regional Flash Update #19: Syria Situation Crisis, 21 March 2025, TEPAV visualisation

1. "Regional Flash Update #19: Syria Situation Crisis", Office of the United Nations High Commissioner for Refugees, March 21, 2025, available at: https://reporting.unhcr.org.

However, living conditions for those returning to Syria are extremely harsh. According to the World Bank[2], a quarter of the population now lives in extreme poverty, surviving on less than the Low-Income Country (LIC) international poverty line of US$2.15 per capita per day (2017 PPP). Additionally, 67 percent of the population lives below the Lower Middle-Income poverty line of US$3.65 per day (2017 PPP), highlighting the widespread economic hardship across the country. Under such conditions of pervasive poverty and high unemployment, the social fabric continues to deteriorate, and access to basic needs becomes increasingly limited. Consequently, ensuring political stability in such an environment becomes exceedingly difficult, as a society burdened by economic insecurity and lack of opportunity cannot sustain lasting peace or governance built on public trust.

On the other hand, the large-scale movement of people presents acute short-term challenges. Returnees often arrive with urgent humanitarian needs, including shelter, food, health care, and employment opportunities. Their arrival places additional pressure on local infrastructure and public services that have already been severely weakened by more than a decade of conflict and economic collapse. Labor markets in governorates with high concentrations of returnees risk becoming overburdened, leading to higher unemployment and deepened poverty in the short run. These conditions underscore the dual nature of return migration: intensifying humanitarian pressures while simultaneously laying the groundwork for renewed economic activity.

In the medium term, however, the reintegration of displaced Syrians is anticipated to serve as a vital driver of economic recovery, offering both immediate and long-term benefits to the national economy. As many returnees reestablish their lives, they are also reviving previously abandoned businesses and entrepreneurial ventures, thereby reactivating commercial networks and restoring supply chains that were severely fragmented during years of conflict. In some cases, these individuals are not only reengaging with former markets but also seeking to extend their supply chains, linking domestic production with new regional or international partners and creating additional pathways for trade and distribution.

Beyond commercial revitalization, many returnees are bringing back a wealth of experience, technical knowledge, and financial resources accumulated during their time abroad. This infusion of human and financial capital enhances overall productivity, injects innovation into local industries, and helps diversify Syria's relatively narrow labor market. By

2. "Syria: Macro-Fiscal Assessment", World Bank, June 2025, available at: https://openknowledge.worldbank.org.

expanding the range of available skills and services, returnees contribute to a more dynamic and resilient economic environment.

Türkiye, which shares a 911-kilometer border with Syria, is crucial in this process. There are nearly three million Syrians who have sought refuge in Türkiye and, according to a statement by the Migration Administration of Türkiye, the number of Syrians who have voluntarily returned since 2016 is 1,151,652. Of these, 411,000 returned after December 8, 2024. Unlike conventional refugee narratives that portray displaced populations as passive dependents, many Syrians in Türkiye have rebuilt their economic lives through entrepreneurship. Over the past decade, Syrian-owned/partnered businesses have emerged as an important economic force, from micro-enterprises in the service sector to robust manufacturing companies integrated into regional trade flows. These companies may show how displaced populations can become dynamic contributors to both host-country economies and future reconstruction efforts in Syria.

When examining the trade dynamics between the two countries, Türkiye has become Syria's most significant trade partner, while Syrian exports have fallen by nearly 90 percent since 2010, Türkiye today accounts for close to half of its imports and more than a quarter of its exports. Syrian business owners in Türkiye act as informal trade diplomats—rebuilding old routes, opening new markets, and reconstituting the commercial networks that war once severed. Their ability to mobilize capital, forge logistical connections, and operate across domestic and international markets positions them as strategic actors in Syria's recovery.

This report therefore examines the scale, function, and strategic potential of Syrian-partnered companies in Türkiye as agents of economic recovery and later future reconstruction in Syria. It is grounded in fieldwork and empirical data collected through a comprehensive survey by the Economic Policy Research Foundation of Türkiye (TEPAV). The data provide a granular view of business practices, employment structures, investment intentions, and perceived barriers to expansion both within Türkiye and into Syria.

Syrian-partnered companies in Türkiye

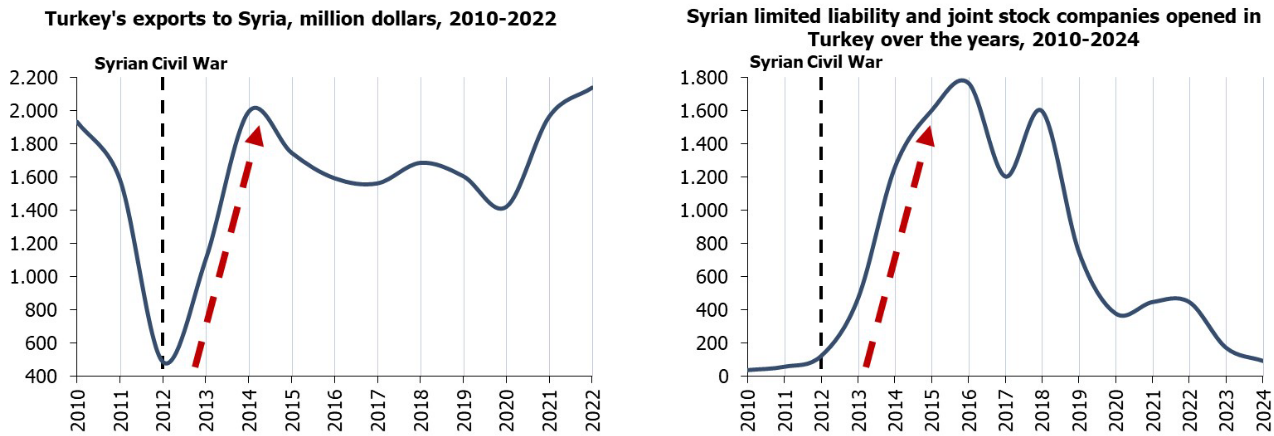
Syrian-partnered/established companies in Türkiye are uniquely positioned to serve as a bridge between the two economies. Their survival and growth over the past decade have not only helped stabilize refugee communities but also laid the groundwork for reactivating Syria's economic capacity through cross-border trade, sectoral expertise, and capital reinvestment.

As of early 2025, a total of 34,210 Syrian-partnered companies have been formally established in Türkiye since the beginning of the war—of which 12,635 are fully owned by Syrian partners—according to data compiled by the Union of Chambers and Commodity Exchanges of Türkiye (TOBB). The majority of these business owners (79%) arrived in Türkiye between 2012 and 2016. 30,135 of these companies are still actively operating and 5,123 are active in the manufacturing industry. 85.6% of employees in these companies are Syrian, while 14.5% are Turkish citizens. In contrast, the distribution in Turkish companies is almost reversed: 96.9% of employees are Turkish, while only 3.1% are Syrian. These companies are engaged in small-scale industrial activities such as clothing, food, textile and furniture manufacturing.

These companies are not confined to niche markets; many engage in substantial export activities and have even outperformed domestic Turkish firms in certain trade segments. Their founders often come from industrial cities like Aleppo, Homs, and Idlib, bringing with them not only business acumen but also a nuanced understanding of regional supply chains and commercial culture.

These companies, operating in sectors where commercial ties between Türkiye and Syria are strong, have successfully adapted to both the Turkish and Syrian markets. While Türkiye's exports to Syria fell to $486 million in 2012, they rebounded to $2.1 billion by 2023 (Figure 2). The trade networks established by Syrian entrepreneurs have played a significant role in this recovery and are expected to remain crucial moving forward. As political and economic conditions improve, these companies are expected to gradually relocate their production activities to Syria and restructure the trade value chains between the two countries, thereby further strengthening economic integration.

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



Source: TOBB, CEPII[3], TEPAV visualisation.

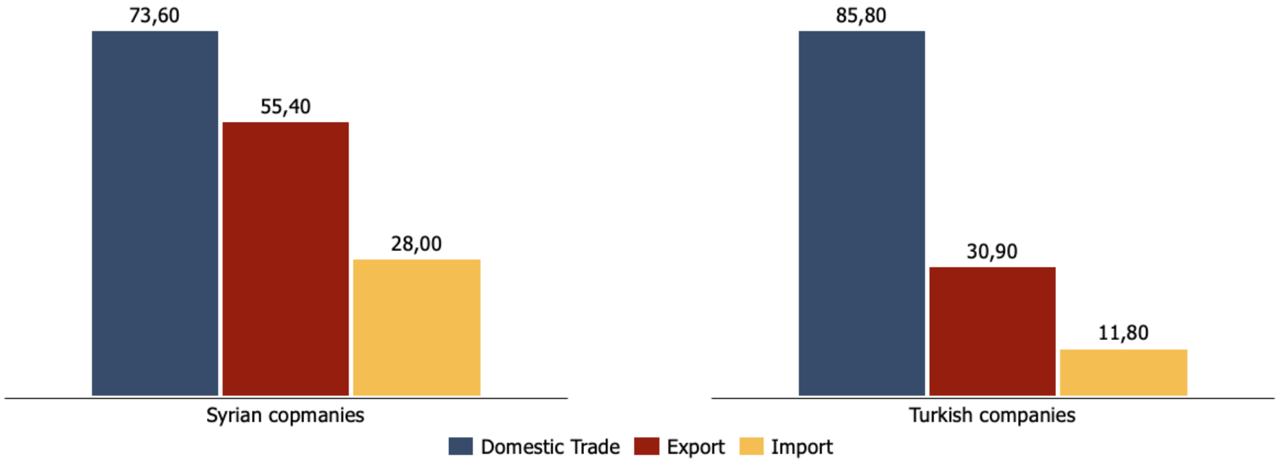
This broader recovery in trade is mirrored in the distinct patterns of international engagement observed among Syrian and Turkish companies in Türkiye, where Syrian entrepreneurs in particular demonstrate a more outward-looking orientation. The 2018 TEPAV survey[4] highlights a significant disparity between Syrian and Turkish companies operating in Türkiye with regard to international trade engagement, specifically export activity. The survey was conducted with a total of 416 companies (207 Turkish and 209 refugee-driven companies). According to the findings, 55 percent of Syrian companies are engaged in exporting, whereas only 30 percent of Turkish companies participate in export activities This suggests that Syrian enterprises, despite their often disadvantaged or displaced status, are substantially more outward-oriented in their business operations than their Turkish counterparts.

Another fact revealed by the survey results is that 75 percent of all Syrians surveyed state that they had a company before coming to Türkiye, with almost 11 percent of Syrian respondents stating they had already established a company in another country, mostly in Egypt, Saudi Arabia and the UAE.

3. G. Gaulier and S. Zignago, "BACI: International Trade Database at the Product-Level – The 1994-2007", *CEPII Working Paper*, No. 23, Centre d'études prospectives et d'informations internationales 2010, available at: https://www.cepii.fr.

4. S. Güven, M. Kenanoğlu, O. Kadkoy, and T. Kurt, "Syrian Entrepreneurship and Refugee Start-ups in Turkey: Leveraging the Turkish Experience", The Economic Policy Research Foundation of Turkey (TEPAV) in cooperation with the European Bank for Reconstruction and Development (EBRD), 2018, available at: https://tepav.s3.eu-west-1.amazonaws.com.

Figure 3: Share of the answers for the question "Does your business sell to the domestic market, export or import?", %



Source: EBRD-TEPAV TRES.

Given the sectoral diversity, export capacity, and extensive networks that Syrian-partnered companies in Türkiye have developed over the past fourteen years, it is evident that these companies, along with the migrants employed within them, will play a decisive role in Syria's eventual recovery. Recognizing this potential, TEPAV complemented its earlier 2018 research with a new survey conducted in 2025 across Türkiye's border provinces, aiming to capture the evolving contributions of these enterprises and their accumulated know-how to post-conflict reconstruction dynamics. So, this report is based on the findings of the survey conducted by TEPAV between March 7 and April 14, 2025, with the participation of 1,024 Turkish businesspeople (50.5%) and 1,005 Turkish businesspeople with Syrian partners (49.5%). The geographical scope of the research includes seven provinces near Türkiye's border with Syria (Adana, Gaziantep, Hatay, Kahramanmaraş, Kilis, Mersin, and Şanlıurfa), where Syrian entrepreneurship is highly concentrated.

Figure 4: Geographical scope of the survey

In the survey, the distribution of Syrian-partnered companies by province and sector was determined using the database of the TOBB, as all companies in Turkey are legally required to be members of TOBB. A corresponding sample for Turkish companies was then designed to match this distribution. This approach ensured that comparisons between the two groups could be made in a consistent and reliable manner. Figure 5 presents the sample distribution of Syrian partnered Turkish companies and Turkish companies by province and sector.

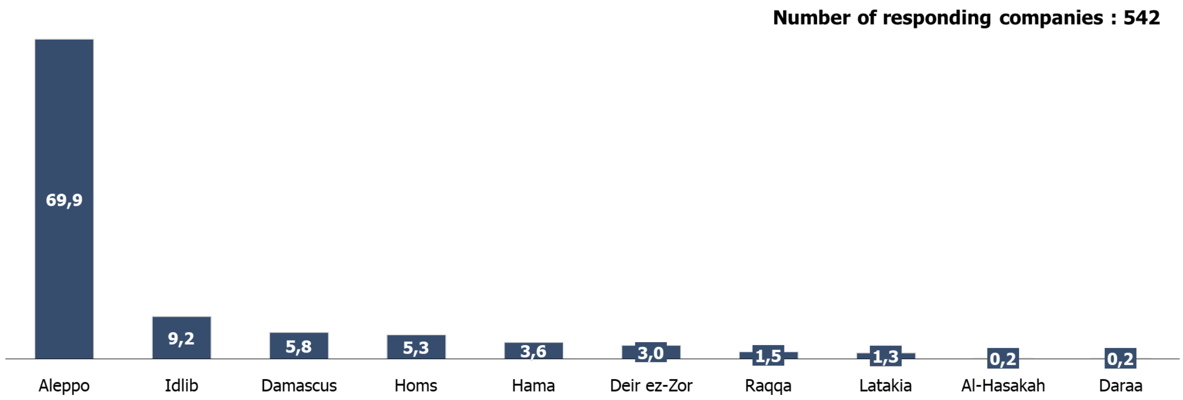
Figure 5: Sample distribution of Turkish and Syrian joint companies by province and sector

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

Source: Survey on Business Conditions in Syria, TEPAV calculations.

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

Figure 6: Where was the business located in Syria?, %



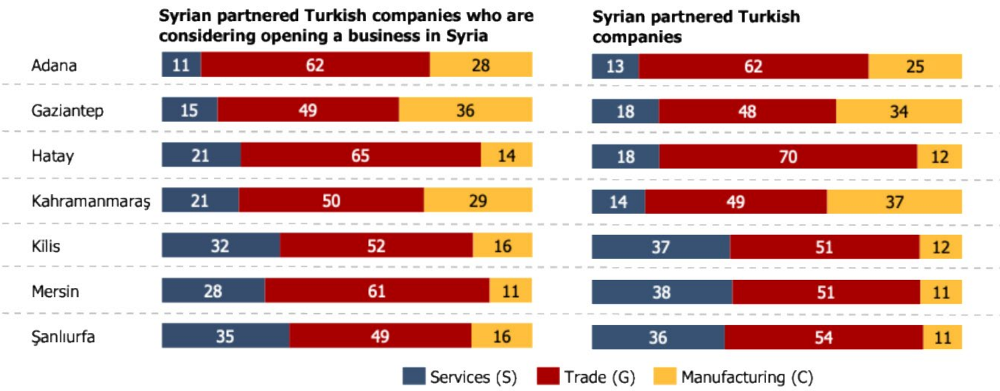
Source: Survey on Business Conditions in Syria, TEPAV calculations.

A large proportion of Syrian companies–approximately 5,123–are active in the manufacturing industry. Many originate from Syria's pre-war industrial centres, notably Aleppo and Homs, bringing with them not only deep-rooted sectoral expertise but also established market networks that existed prior to the conflict. This industrial legacy has significantly influenced their business trajectories in Türkiye, particularly in sectors requiring more complex operational structures.

The potential for Syrian-partnered Turkish companies to return, which will be examined in more detail in the next section, has been analysed in detail in the TEPAV report, particularly in terms of sector/province breakdown. According to the report, more than half (53.9%) of the Syrian-partnered Turkish companies surveyed (542 companies) indicated that they are considering opening a business in Syria. Of these companies, 55.7% operate in the trade sector, 22.5% in manufacturing, and 21.8% in services. In terms of their current locations in Türkiye, the majority are based in Gaziantep (30.8%), followed by Hatay (19.9%) and Mersin (17.9%). The prominence of these provinces points to a geographic pattern influenced by their well-developed logistics infrastructure and proximity to customs gates and ports—factors that likely shape and support the companies' intentions to invest across the border.

When examining the provincial and sectoral breakdown of the companies considering opening a business in Syria, some notable differences emerge. While the trade sector stands out as the leading sector across all provinces, the second most prominent sector varies by region. In provinces where manufacturing is more prevalent—such as Gaziantep, Kahramanmaraş, and Adana—companies operating in the manufacturing sector rank second. Conversely, in provinces where the service sector is more dominant—like Şanlıurfa, Kilis, Mersin, and Hatay—companies from the service sector occupy the second position (Figure 7).

Figure 7: Breakdown by province and sector of Syrian partnered Turkish companies considering opening a business in Syria, %



Source: Survey on Business Conditions in Syria, TEPAV calculations.

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

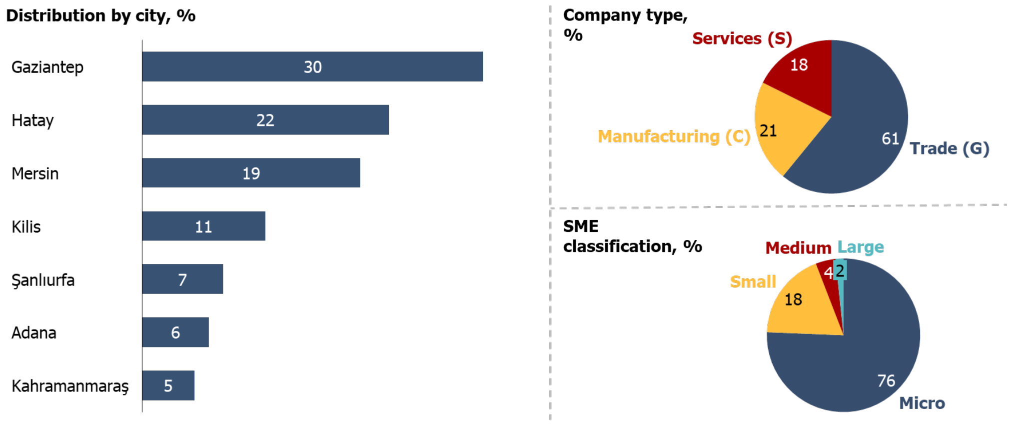
The average duration of Syrian partnered Turkish companies in Türkiye is 6.1 years, and these companies employ a total of 2,454 people. Of these employees, 84.4% are Syrian nationals, while 15.5% are Turkish citizens. Additionally, 26.2% of the companies reported that some of their Syrian employees have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

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

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

Among the Turkish companies considering opening a business in Syria, 75.6% are micro-sized, 18.5% are small, 4.2% are medium, and 1.7% are large enterprises (Figure 8).

Figure 8: Distribution of Turkish companies considering opening a business in Syria by province, company type and SME classification



Source: Survey on Business Conditions in Syria, TEPAV calculations

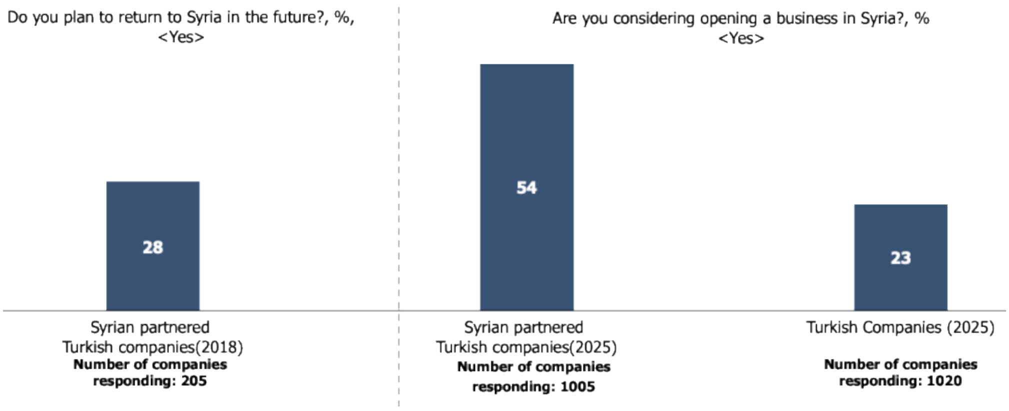
95.8% of Turkish companies stated that the business they plan to establish in Syria would operate in the same sector as their current operations in Türkiye. This finding indicates that companies prefer to enter the Syrian market by leveraging their existing sectoral expertise and operational infrastructure.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

The possible role of Syrian-partnered companies in Syria's economic recovery

Extending supply chains into Syria

A central feature of Syrian-partnered companies in Türkiye is their strong orientation toward reestablishing operations in Syria, either by relocating or by extending their existing supply chains across the border. TEPAV's survey findings show that 53.9 percent of Syrian partnered companies indicated an intention to open a business in Syria in the future (Figure 9). This is a strikingly high proportion when compared to Turkish companies, of which only 23.2 percent expressed similar intentions.

Figure 9: Do you plan to return to Syria in the future?



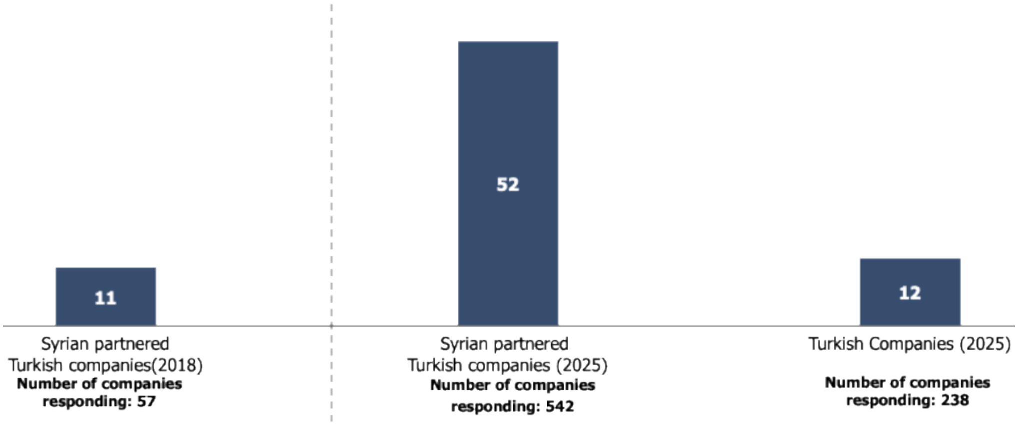
Source: Survey on Business Conditions in Syria, TEPAV calculations.

The implications of this figure are significant. It demonstrates that more than half of the Syrian entrepreneurial community in Türkiye remains oriented toward its homeland and sees the reconstruction process not only as a possibility but as an expected trajectory. This is not a marginal subset of businesses; it represents the majority of Syrian companies that have managed to survive and adapt during displacement. Their willingness to reinvest constitutes a critical foundation for economic recovery because these firms already possess contextual knowledge of the Syrian economy, familiarity with its institutions and informal practices, and pre-existing networks of suppliers, customers, and employees. The comparison with Turkish firms is instructive. For Turkish companies, Syria is a foreign market characterized by high risk and uncertainty. Their relatively low interest in reinvestment highlights the barriers facing external investors.

Syrian companies, however, approach the issue differently. For them, Syria is both home and market.

The commitment of Syrian-partnered companies becomes even clearer when considering their readiness to restructure existing operations. The survey revealed that 51.7 percent of Syrian entrepreneurs intending to reinvest in Syria would terminate their businesses in Türkiye if they were able to reopen in Syria *(Figure 10)*. This readiness to abandon relatively stable operations in Türkiye indicates that many Syrian companies see their stay there as temporary, a stopgap measure during the war rather than a long-term relocation. By contrast, only 12.3 percent of Turkish companies expressed willingness to close their businesses in Türkiye if they opened in Syria, reinforcing the idea that Syria for them is an optional expansion rather than a central objective.

Figure 10: Will you terminate your business in Türkiye when you open a business in Syria?



Source: Survey on Business Conditions in Syria, TEPAV calculations

At the same time, nearly half of Syrian-owned companies (48.3 percent) stated that they would maintain their Turkish operations even after opening in Syria. This dual strategy highlights the emergence of a transnational business model in which Syria and Türkiye are treated as interdependent spaces rather than mutually exclusive locations. Syrian entrepreneurs are not simply relocating but rather extending supply chains across the border. Such cross-border strategies enable companies to combine the relative stability and infrastructure of Türkiye with the market potential and lower production costs of Syria.

The potential impact of this orientation is considerable. By maintaining operations in both countries, Syrian entrepreneurs create cross-border economic corridors that can facilitate Syria's reintegration into regional trade. Syrian firms are uniquely positioned to anchor and expand this relationship. Their ability to operate in both environments gives them a comparative advantage over other investors, as they can navigate regulatory differences, cultural expectations, and logistical challenges with greater ease.

The geographical distribution of Syrian-partnered companies' intentions to reinvest further illustrates this pattern. The largest share of prospective investors are based in Gaziantep, followed by Hatay and Mersin. These provinces correspond to Syria's key pre-war economic centers: Aleppo, Idlib, and Latakia. The alignment between current business bases in Türkiye and intended reinvestment areas in Syria indicates that Syrian entrepreneurs will likely concentrate their efforts along historical trade and industrial corridors.

The temporal dimension adds further depth. In TEPAV's 2018 survey, only 28.3 percent of Syrian companies reported interest in reinvesting in Syria. The rise to 53.9 percent by 2025 reflects both changing conditions in Syria and shifting dynamics in Türkiye. It signals that Syrian entrepreneurs are increasingly preparing to act. In this sense, their orientation toward extending supply chains is not static but part of a broader trajectory of growing commitment.

Taken together, the survey findings on supply chain extension underscore the pivotal role of Syrian-owned companies in recovery. Their high willingness to reinvest, their readiness to either relocate or operate transnationally, and their concentration along historical trade corridors position them as the first and most critical wave of private sector actors capable of reactivating Syria's economy.

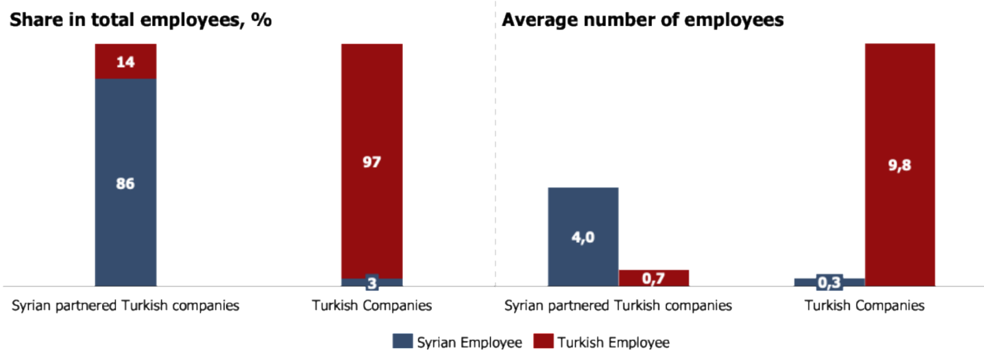
Sectoral distribution and recovery potential

The sectoral distribution of Syrian-partnered companies reveals much about their potential contributions to recovery. Among those intending to reinvest in Syria, 55.7 percent are engaged in trade, 22.5 percent in manufacturing, and 21.8 percent in services. Each of these sectors plays a distinct role in the reconstruction process, and their combined effect underscores the centrality of Syrian firms to economic recovery.

Trade dominates the distribution, reflecting Syria's historical reliance on commerce as a central component of its economy. Syrian merchants have long been key actors in regional markets, connecting Syria to Iraq, Lebanon, Jordan, and the Gulf. Many Syrian entrepreneurs in Türkiye have reestablished wholesale and retail businesses catering both to local demand and to diaspora communities. Their reinvestment in Syria would quickly restore domestic markets, revive wholesale trade, and reconnect Syria to regional commercial networks. By reopening trade channels, these firms can help address shortages of goods, stabilize prices, and generate revenue flows that support wider recovery.

Manufacturing, while representing a smaller share of firms, carries disproportionate importance. Syrian manufacturers, many of whom previously operated in Aleppo, Homs, and Damascus, specialized in textiles, food processing, and light industry. The destruction of industrial facilities during the war devastated this sector, yet Syrian entrepreneurs in Türkiye have preserved capacity by relocating machinery and skills. Their reinvestment in Syria has the potential to reindustrialize key regions, generating employment and adding value to domestic production. The employment patterns of Syrian firms reinforce this point: in Türkiye, 85.6 percent of their employees are Syrians (Figure 11). Reestablishing manufacturing in Syria would therefore create jobs for returnees, directly contributing to social stabilization.

Figure 11: How many full-time employees do you have as of the end of 2024? Please indicate their numbers according to their place of birth.



Source: Survey on Business Conditions in Syria, TEPAV calculations.

Services account for 21.8 percent of Syrian companies planning to reinvest. This sector includes logistics, transportation, finance, and business support services—all of which are essential for enabling both trade and manufacturing to function. In the aftermath of widespread infrastructure destruction, service-oriented Syrian firms can fill critical gaps by organizing transport, facilitating transactions, and coordinating supply chains. Their contribution is less visible than trade or manufacturing, but equally important for the overall recovery process.

The sectoral distribution also reflects continuity with Syria's pre-war economic structure. By reentering the same sectors they occupied before displacement, Syrian entrepreneurs are not taking speculative risks but reactivating established areas of expertise. This continuity reduces uncertainty and increases the likelihood of successful reintegration. It also ensures that recovery builds on Syria's historical comparative advantages in commerce, textiles, and food-related industries, while expanding into services that support these activities.

This continuity in sectoral engagement not only enhances the prospects for sustainable economic recovery in Syria but also creates a foundation for deeper cross-border economic collaboration. As Syrian entrepreneurs rebuild within familiar industries—particularly in commerce, textiles, and food-related sectors—they strengthen local supply chains and reinforce economic linkages that are naturally aligned with regional trade dynamics. Within this evolving landscape, Syria begins to emerge as an increasingly viable joint production hub for Turkish companies.

The most influential factor shaping Turkish companies' investment decisions is Syria's unsaturated market structure, which attracts 79% of respondents. This is followed by access to cheap labor at 60.9%, a less competitive business environment at 42.9%, and the increasingly difficult business conditions within Türkiye itself at 39.5%. These findings suggest that Turkish companies are guided primarily by opportunity-driven motives. As political, financial, and operational risks in Syria diminish, the country becomes more appealing not only as a production site but also as a potential market for Turkish goods and services.

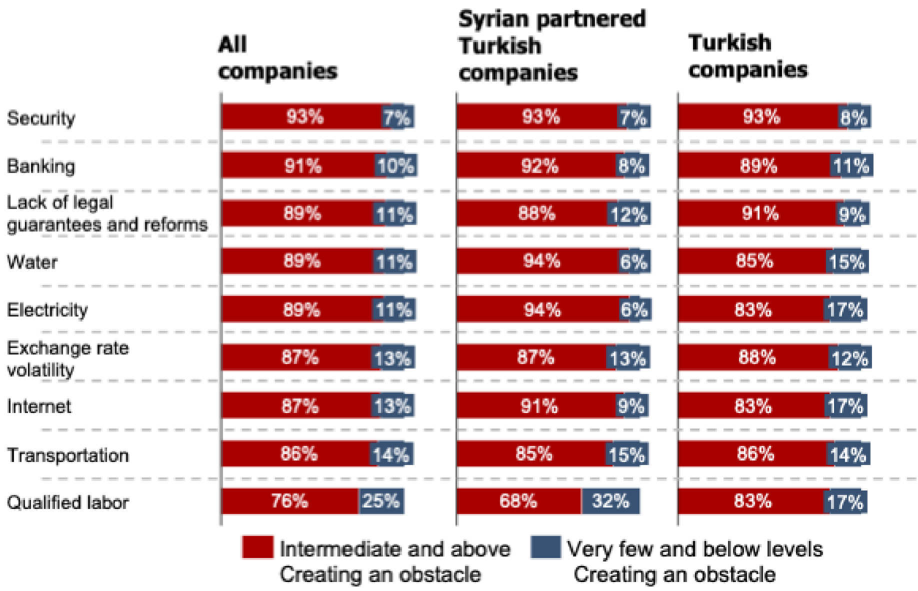
However, in order for Turkish firms to effectively extend their supply chains into Syria, several foundational requirements must be addressed. Among Turkish companies considering opening a business in Syria, 91.2% state that they need financial support for investment. Additionally, 73.9% request secure and fully equipped industrial zones, 58.4% seek the ability to work with Turkish banks, 44.5% need support for transporting machinery, and 28.2% express a demand for vocational training support. These responses highlight that although interest in expanding supply chains into Syria is strong, it remains contingent on concrete institutional, financial, and logistical support mechanisms.

Electricity and water as primary concerns for Syrians

Although Syrian-owned companies demonstrate a strong commitment to reinvestment, their ability to do so is contingent on infrastructural conditions, particularly the availability of electricity and water. Survey evidence shows that 93.4 percent of Syrian entrepreneurs identified electricity shortages as a critical barrier, and 93 percent highlighted insufficient access to water (Figure 12). Security, often assumed to be the foremost challenge in post-conflict contexts, was identified by 92.6 percent—slightly lower than the proportions citing electricity and water.

This ordering is revealing. It indicates that, for Syrian companies, utilities constitute the decisive constraint on business activity. Even in relatively secure areas, operations cannot resume if electricity and water are unavailable. Their prioritization reflects the practical logic of entrepreneurs who recognize that production and commerce depend above all on functioning infrastructure.

Figure 12: Barriers to doing business in Syria



Source: Survey on Business Conditions in Syria, TEPAV calculations.

The emphasis on electricity is unsurprising given the state of Syria's industrial zones. In Aleppo's Sheikh Najjar Industrial Zone, once one of the largest industrial areas in the country, only 24.1 percent of facilities remain operational due to the destruction of power and water networks. In Liramun, a zone specializing in textiles, electricity is limited to twelve hours per day, leaving over 80 percent of businesses inactive. The widespread damage to energy infrastructure effectively prevents industrial recovery. Syrian entrepreneurs, many of whom previously operated in these areas, are therefore acutely aware that electricity supply must be restored before reinvestment becomes feasible.

Water is ranked alongside electricity, reflecting its dual significance for industrial processes and for sustaining communities around economic centers. Without a reliable water supply, production processes such as textiles, food processing, and construction cannot function. Furthermore, the absence of water undermines the viability of workforce settlement in industrial areas, thereby disrupting the labor base necessary for economic activity.

The relative ranking of security also merits attention. While 92.6 percent identified it as a barrier, it is notable that utilities are ranked slightly higher. Such a perspective distinguishes them from Turkish firms, among whom 93 percent cited security as the most significant obstacle. The contrast reflects differences in risk tolerance. Syrian firms, embedded in local contexts and motivated by personal as well as economic ties, demonstrate greater readiness to operate in insecure conditions. Turkish firms, by contrast, approach Syria as an external market and therefore demand higher levels of stability before committing investment.

For Syrian entrepreneurs, the restoration of electricity and water thus constitutes the threshold for reinvestment. Once utilities are functional, production can resume even if security and legal frameworks remain imperfect. This practical prioritization highlights the unique role Syrian-owned companies can play in recovery. Their willingness to reengage under less than ideal conditions makes them indispensable first movers, capable of reactivating economic activity while other investors wait for broader stabilization.

However, while this early-stage resilience is critical, it cannot substitute for the structural conditions needed to scale up recovery across the country.

This is precisely why Syria needs safe zones equipped with fully functional public infrastructure to foster its economic recovery process. Economic recovery in the short term fundamentally hinges on job creation, which not only supports livelihoods but also anchors communities and reduces the incentive for displacement or conflict relapse. As employment opportunities expand, they contribute to a gradual but meaningful form of political stabilization—one rooted not in top-down institutional change but in the everyday security and dignity that economic participation provides. Without this foundation, efforts toward more comprehensive economic reconstruction will remain premature and unsustainable. Only when recovery-driven political stability begins to take hold can Syria realistically move toward the longer-term objectives of infrastructure redevelopment, institutional reform, and full reintegration into regional and global economic systems.

Strategic choice in Syria's recovery: establishing safe and functional industrial zones

Rebuilding Syria demands more than just physical reconstruction; it requires a carefully phased strategy aimed at revitalizing the economy through widespread job creation that includes all segments of the Syrian population. Within this broader vision, Turkish firms already established by Syrian entrepreneurs emerge as key actors with the potential to drive localized growth and generate employment at scale. Their embedded knowledge of both markets, combined with operational experience and transnational networks, positions them uniquely to bridge immediate recovery needs with longer-term development goals.

At the heart of this strategic recalibration lies the concept of establishing secure and fully serviced industrial zones that function as anchors for economic revitalization. These zones, modeled on Türkiye's Organized Industrial Zones (OIZs), present an opportunity to concentrate resources, infrastructure development, and governance efforts within clearly demarcated areas, where basic conditions for business activity and daily life can be assured. Crucially, these zones must be equipped with uninterrupted electricity and water supply—two of the most critical yet deficient public services in post-war Syria.

The success of Turkish industrialisation, starting from the 1960s, can largely be attributed to the development of industrial zones initiated by the private sector. These zones not only addressed long-standing issues for the corporate sector but also provided a systematic solution for the production of industrial plots. In Turkey, OIZs are created as centers of excellence to provide public services and infrastructure to the industry in selected locations. The latter also provided a solution to industrial plot production throughout the country. It grew out of the fact that public services and infrastructure cannot be provided at an excellent level throughout the country. The model operates by allocating a suitable plot of publicly owned land—equipped with access to essential public infrastructure—to a private developer or management company. This entity then transforms the land into a single, privately owned unit, which it subdivides into small, medium, or large industrial plots based on projected demand. The developer takes responsibility for delivering all necessary onsite infrastructure, including electricity, water, telecommunications, and internal roads, thereby ensuring that each individual plot is ready for immediate use. While the provision of off-site infrastructure, such as major utility connections and access roads, remains the responsibility of the government, the internal development of the zone is entirely managed by the private sector. Once the infrastructure is in place, the developer selects tenants or buyers for each plot through a competitive evaluation process, comparing the feasibility studies submitted by companies seeking to establish or relocate their operations within the zone. This approach not only ensures efficient use of resources but also prioritizes projects with the highest potential for economic impact.

It is also evident that this zone-based approach is not only necessary but comparatively easier to implement than a sweeping national reconstruction plan. The geographic scale of the country's destruction renders blanket interventions inefficient and financially unsustainable. In contrast, concentrating efforts on specific zones allows for incremental progress that can later be scaled or replicated based on demonstrable success. These areas benefit from proximity to Türkiye's logistics and customs infrastructure, existing cross-border trade networks, and a labor force familiar with industrial workflows.

Moreover, the strategy aligns with both market logic and political reality. Businesses considering expansion into Syria are not merely motivated by patriotic sentiment or humanitarian concern, but by calculable economic opportunities. Syria's market remains unsaturated, its labor costs are comparatively low, and competition in key sectors is limited due to the war's impact. Turkish and Syrian-partnered companies alike perceive these conditions as favorable, provided they are insulated from volatility through the provision of reliable services and legal guarantees. In this regard, the model of "safe industrial zones" acts not only as a physical space but as a governance innovation that reassures stakeholders of a minimum threshold of stability and order.

In Syria, Investment Law No. 18 of 2021 was enacted to improve the investment climate in the country and to encourage foreign direct investment. This law, which came into effect on May 19, 2021, and was amended in 2025, outlines the rights and obligations of investors and includes mechanisms such as investment incentives and special economic zones.

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

The incentives offered by special economic zones in both Türkiye and Syria will facilitate the expansion of Turkish companies' production and trade networks into Syria, while also enabling Syrian entrepreneurs to transfer the industrial experience they gained in Türkiye back to their home country. In this process, Syrian-partnered companies established and operating in Türkiye will strengthen their production capacities by leveraging Türkiye's investment incentives, financial support mechanisms, and industrial infrastructure advantages. The knowledge and capacity they acquire can then be transferred to their economic activities in Syria, enhancing industrial cooperation between the two countries. This reciprocal exchange will not only boost bilateral trade volume but also integrate regional production networks, laying the groundwork for a sustainable industrial partnership that strengthens Türkiye's global competitiveness while initiating Syria's industrialization process.

However, for this effort to yield effective results, a comprehensive and integrated strategy for Syria is essential. This strategy should address key questions such as where OIZs will be established, under what legal status they will operate, and how investment guarantees, property rights, and international support mechanisms will be integrated.

Beyond their economic utility, these zones hold deep social and psychological significance. The return of displaced populations, especially those with entrepreneurial backgrounds, is unlikely to occur *en masse* without visible signs of stability and opportunity. Safe zones can thus act as beacons of return and reintegration, offering not only employment but a sense of community and purpose. Integrating housing, education, healthcare, and vocational training into these areas will further cement their status as "safe havens" within an otherwise unstable national context. In essence, they represent islands of order in a sea of uncertainty—places where people can imagine a future, rather than just escape the past.

Furthermore, the international development community is more likely to support such a targeted strategy, as it offers measurable outcomes, defined beneficiaries, and clear accountability structures. Thus, the establishment of pilot safe zones provides an undisputed/neutral entry point for assistance—one that can be justified on developmental, humanitarian, and security grounds.

Conclusion

The issue at hand is how to effectively harness the potential of Turkish manufacturing companies in general—and Syrian-established/partnered Turkish companies in particular—to jumpstart Syria's economic recovery and, by extension, its job creation process. These firms possess the operational capacity, market knowledge, and cross-border networks necessary to serve as catalysts for early-stage recovery. However, unlocking this potential requires targeted interventions that respond directly to their needs on the ground.

The next steps should include the planning, development, and governance of industrial zones that can provide both the physical and institutional stability necessary for recovery and growth in Syria. Effective governance, in particular, requires a legislative framework in Syria allowing the zones to be established, while identifying companies among the developers or managers for the future zones will be essential to ensure their successful implementation and long-term sustainability.

Annex

Possible development scheme for industrial zones in Syria

Step 1: Bringing together a developer committee

Once the request is accepted, a Founding Committee is established to oversee the OIZ's creation. This body may include municipalities, chambers of commerce, provincial administrations, professional associations, and private stakeholders. The committee drafts an Establishment Protocol defining the OIZ's purpose, structure, and governance. With the approval of the relevant authorities, the OIZ gains legal personality.

Step 2: Site selection and land acquisition

The location is determined in coordination with a Site Selection Commission, which evaluates factors such as infrastructure, environmental conditions, and agricultural restrictions. If consensus is reached, the site is confirmed; otherwise, the ministry issues the final decision. Once approved, the process of acquiring land begins through purchase, expropriation, or allocation of state-owned land.

Step 3: Preparing the legislative framework

Next, it is necessary to establish a Syrian legislative framework that regulates the development and management of privately owned industrial zones.

Step 4: Providing off-site infrastructure

Before industrial activity can begin, public infrastructure needs to be extended to the zone. This includes connecting the site to highways, ports, and airports, as well as ensuring the provision of electricity, water, sewage and digital infrastructure. Effective coordination with public authorities is crucial to bring this off-site infrastructure into place and to integrate the zone into broader economic networks.

Step 5: Completing on-site infrastructure

After external connectivity is secured, the development of on-site infrastructure within the zone should begin. This includes building internal road networks, warehouses, utilities distribution systems, and common service facilities such as customs offices or business service centers.

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