

INDUSTRIAL PARKS

PRACTICAL POLICIES TO COMBAT UNEMPLOYMENT IN SYRIA

Riad Seif



STRATEGIC RESEARCH AND
COMMUNICATION CENTRE

Strategic Research & Communication Centre
Office 36, 88-90 Hatton Garden, Holborn
London EC1N 8PN
United Kingdom

Email: info@strescom.org
Telephone: +442030868989
Website: www.strescom.org

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Syria has been out of the international spotlight for many years, in terms of both the global media and academia. The amount of research published on Syria does not reflect the country's standing as an influential regional player in the Middle East. Only 114 such studies have been completed focussing on Syria during the period 1919 to 2007. Discussion of Syria has therefore always centred on ideology, rather than on information and independent research.

Most of the good quality studies on Syria have been completed in the West. While this work is of great value and significance as an aid to understanding the region, the Middle East itself suffers from a shortage of political, social research. Local researchers must therefore participate in bridging this information gap. A deeper understanding of the issues affecting the region can be attained through pairing the philosophy and methodology of Western research with a first hand knowledge of the situation, and information gathered in the field. The Strategic Research and Communication Centre has therefore joined forces with Syrian and Western researchers and academics in order to achieve this result.

The political, economic and social data and the strategic studies will be made available to policy makers, correspondents, journalists and academics with an interest in Syrian affairs. The Strategic Research and Communication Centre's researchers will analyse and study these data, and publish reports and research on local issues. These studies will be presented to the public, to policy makers, and to all stakeholders.

The studies published by the Strategic Research and Communication Centre will seek to achieve the clearest possible understanding of the social and economic fabric of Syrian society, in an attempt to raise awareness of all matters affecting life in Syria. Our aim is to create a better informed society, and to influence policy makers by placing this information in the media's hands.

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Executive Summary

Syria, in common with its neighbours in the region, faces an enormous challenge in creating job opportunities for new entrants to the labour market, estimated to number thousands each year. In addition there is a need to counter the problem of overstaffing, which applies to widely varying proportions of those working in the state's productive or service institutions as well as seasonal agricultural workers and casual construction labourers. It is the people in rural Syria who are suffering the most as a result of unemployment in their villages. Job opportunities in agriculture are limited, and are incapable of matching increases in population. The events in Tunisia, Libya and Egypt and elsewhere demonstrate that there is a pressing need to focus efforts on combating this challenge. This is particularly the case given the dangerous escalation in the situation as a result of drought in recent years, after which hundreds of thousands of people from the eastern provinces have been forced to migrate to Damascus and other large cities in search of a basic living.

During the last century the government, in cooperation with the United Nations, the European Union and several civil society organisations, instituted numerous programmes in an attempt to counter the problem of unemployment. However, the overall number of job opportunities provided by these programmes does not constitute a cure all for solving the problem of unemployment. Other solutions must be found with the greatest possible speed. This essay therefore proposes a number of ideas and solutions which could perhaps contribute towards providing decent job opportunities which guarantee a noble life for the largest possible number of citizens in rural Syria.

Industry's Role in Creating Jobs

Industry is an indicator of the strength of a state's economy. Discussion of countries with strong economies usually focuses on the industrial countries, as industrial labour generates other job openings, and industry's percentage contribution to gross national product is high. The importance of industrial labour increases when it is focussed on export. It is this factor which distinguishes it from other forms of labour, such as in the areas of commerce, services and tourism.

This is clearly evident in the German economy, for example, where five million people – of a total of almost forty million in the labour market – work in industry, with industry contributing almost 37% of the entire German economy.

Syrian Industry Faces Challenges

Prior to the recent implementation of the Free Trade Agreement with the Arab countries and Turkey, and before the door was opened wide for imports, Syrian industry had for decades monopolised the domestic market. It was able to impose its prices on Syrian consumers as they did not have any other choice. These prices include all the expenses Syrian products are forced to cover, including bureaucratic costs, unnecessary costs, parasitic costs, and the costs of bribes and commissions. The price of furniture manufactured in the workshops of Damascus, for example, is twice that of equivalent goods in other countries. The same thing applies to many products of the artisanal industries.

Being surrounded by this atmosphere over the course of decades has left industry in a position of marked weakness and backwardness. It has suddenly found itself facing ferocious and uneven competition for which it is ill-prepared. This has resulted in its loss of a significant share of the domestic market to foreign companies in many industries, and it risks making further losses unless efforts are redoubled to save it.

The Artisanal Industries in Syria

Syria's industries can be categorised into three groups:

- **Industries which rely on automated production lines:** These require significant investment, and large areas to accommodate production and storage facilities. They employ a relatively small number of workers, and have a high energy consumption. Industries of this type are best situated in the industrial cities, such as Hassia, Adra, and so on.
- **Dirty, light industries:** Examples of these include the manual metal industries, the manufacturing of agricultural tools and machinery, and the maintenance of cars and agricultural tools. The most appropriate solution for industries of this kind is to combine them in a suitable location on the outskirts of towns and villages.
- **Clean artisanal industries:** These are also light industries, which rely on a highly skilled, intensive workforce. They do not need significant investment as the cost of

creating jobs in these industries is low, and the area required for each job created is small. Markets for their products are unlimited if they are capable of competing internationally. Examples of such industries include clothing, embroidery, brocade and weaving, leather products such as clothes, bags and shoes, furniture and furnishings, wood engraving and mosaic, the production of *objets d'art* for tourists, the manufacturing of precision instruments, software and the electronics industries, and other forms of production which meet these conditions.

The Present Situation in the Clean Artisanal Industries

There are currently thousands of artisanal workshops manufacturing clothing and furniture and so on, spread randomly throughout the large cities. They are generally found in old neighbourhoods, basements and areas of informal settlement. They occupy cramped, insanitary spaces, and constitute a source of irritation to neighbours. They also place increasing pressure on electricity networks which are not equipped for industrial consumption, and are often to blame for outbreaks of fire.

The occupation or skill is currently learnt by traditional methods solely within the factories and workshops, as there are no specialist vocational schools or institutes. As a result these producers lag behind their counterparts in many other competing countries. (The major portion of current artisanal workers left study after primary school in order to learn and practise their craft for some years prior to their military service).

The costs of maintaining premises and labour wages constitute the largest proportion of the costs of production. The fact that the workshops are located in cities among residential neighbourhoods raises their costs significantly, given the rising price of buildings. This represents an additional burden on the costs of production. Labour wages in the large towns are also higher than those in rural areas as a result of the rise in the cost of living within cities.

The greatest portion of those working in industries of this type in the large towns are migrants from rural areas searching for job opportunities.

The difficult circumstances and high costs faced by the artisanal industries have in many cases left them incapable of competing with imported goods. This has led to their decline over the past few years. While there are no precise statistics on this subject, an interested observer will notice that a large number of these workshops have closed and that production has decreased significantly in those that remain, causing the increase in the number of unemployed people. It is therefore a real imperative for Syria to create new job opportunities.

Advantages of the Clean Artisanal Industries

The products of the artisanal industries are distinguished by their aesthetic value. Quite apart from manufacturing skill, their production demands taste and creativity.

Small and medium-sized companies operate within the artisanal industries. Because of the nature of the work and the skill of the workforce within industries of this type, building a partnership between the worker and the employer is one of the most important factors for success. This increases the workers' sense of affiliation to the firm, and motivates them to work as a team to improve the competitive ability of the company's products. This sense promotes stability of the workforce and the accumulation of experience, and assists the firm in offering an outstanding product carrying its stamp.

The Project to Spread the Clean Artisanal Industries Throughout Rural Syria

Supporting, protecting and nurturing Syrian industry has become a pressing social need, in addition an economic necessity. The aim of this preliminary study is to contribute towards finding the best possible methods of helping an important sector of Syrian industry – the clean artisanal industries – to develop and flourish. This will enable us to achieve the following:

- The creation of hundreds of thousands of jobs in various parts of rural Syria. Agricultural labour is unable to match the increase in population, given that Syria's population has increased by more than 400% over the past fifty years.
- The provision of job opportunities for women in the countryside, in appropriate industries such as clothing manufacture, manual and semi-automated embroidery, the manufacturing of *objets d'art* and hand-crafted gifts of interest to tourists, among other such clean artisanal industries.
- Providing the education, qualifications and training required to raise the rural population's ability to perform productive work within industry. This will increase families' income and raise their standard of living, and therefore contribute towards raising the national product.
- Encouraging the settlement of the workforce in the countryside, stopping people having to migrate in search of a basic living, which generally forces people to accept work in inhuman conditions with paltry wages, far from family and friends.
- Lessening the pressure on the large towns, which have become burdened by overcrowding and the spread of informal settlement, poverty and crime. This is particularly the case in Damascus and Aleppo.
- The improvement of working conditions, the reduction of costs, and the removal of as many as possible of the obstacles to achieving the aim of raising the industrial products' competitive ability within domestic markets, while also encouraging manufacturing for export.

Industrial Parks are the Solution

A large number of workers brought together in one place, working diligently for eight hours a day to manufacture beautiful, tasteful and skilfully crafted products. This goal is worthy of a sanitary, easily cleaned location of moderate temperature, surrounded by a small garden, and equipped with the necessary services to provide a pleasant and relaxing environment which lessens the hardship of work, promotes production quality and activates creativity. This can be constructed in an area with a high number of job seekers, as part of an orderly plan of factories and workshops in which all of the necessary services are provided.

This is what is meant by “industrial parks”.

These parks comprise a hub and a number of outposts.

The Hub: This comprises vocational institutes and schools, and centres for training and qualification, supplying the factories with qualified staff as required. It also contains branches of banks, insurance companies and government offices to facilitate the investors’ business transactions (which are best performed through a single window), and a customs office for around-the-clock completion of export and import transactions. There are also health and social service centres, suppliers of raw materials and production supplies, dealers of tools and spare parts, maintenance centres, permanent showrooms and marketing and export offices, in addition to buildings for the establishment of production rooms as required, within organisational plans which can be expanded where necessary.

The outposts: Production halls of varying size are erected in the towns and villages surrounding the hub as required, in order to establish workshops and factories as part of an organisational plan which can be expanded where necessary. These are served by the hub.

It is therefore necessary to undertake a study of population distribution within Syria, in order to pinpoint various hubs for the establishment of clean artisanal industries, far from the large cities, and according to the need for job opportunities within these population centres. By this means a map can be established of the distribution of artisanal industry hubs within Syria.

For example:

The city of Izraa could represent a suitable hub for industrial parks in the southern area, as it could serve outposts established in Daraa, Al-Suwayda, Nawa, Basir, Jabab, Al-Sanamayn, Al-Sheikh Maskin and Khabab, among other such surrounding villages.

The industrial parks will welcome the following types of investors:

- Workshops which are currently operating in the large cities and are searching for more welcoming locations with lower production costs.
- Existing medium-sized companies in the artisanal industries seeking to expand their production.

- Domestic or foreign companies established for the purpose of manufacturing for export.
- Young entrepreneurs aspiring to found a new business, who are searching for the appropriate location and available opportunities.

Necessary Conditions for the Project's Success

In the event that the government is convinced of the economic and social benefit of the industrial parks project, and decides to approve it and to provide the necessary support, protection and nurturing, the following important points must be observed during implementation if the success and expansion of the experiment is to be guaranteed:

- A list must be put in place of the industries covered by the project and which meet the necessary conditions.
- There must be a focus on the ultimate aim of creating noble and productive jobs for the largest possible number of Syrians, providing them and their families with a decent living and enforcing the principle of industry in the service of the people, rather than the people in the service of industry. Taking this principle as the start point, it is necessary to put in place strict conditions on the provision of professional health and safety and humane working conditions. Those who see this as a potential burden on the costs of production are mistaken. On the contrary, providing such conditions without excess or waste will in the end contribute towards increasing revenues, improving quality and stabilising the workforce, which will in turn have a positive impact on both competitive ability and profits.
- The traditional stereotype of the employer, often accused of exploitation and greed or even of being a vampire, must be abandoned. This view must be replaced with a realistic interpretation of the employer as a provider of job opportunities, who in the event that his business is successful will seek to expand and create new job opportunities, thereby encouraging others to follow his example and invest in the field. In order to create the largest possible number of job opportunities it is necessary to help employers make fair profits, provided that they comply with the law and pay workers their material and moral dues. Employers must also be heard with interest and respect, their complaints taken seriously, and action taken to overcome the difficulties they face.
- Qualification and training programmes must be put in place, and experience passed on to staff. Such programmes will meet the needs of the market within each artisanal industry hub, working to derive maximum benefit from technical aid programmes such as the United Nations' development programmes and the technical aid offered by the European Union and the Japan International Cooperation Agency, among others. Material incentives must also be offered to encourage companies to participate in the training process.
- Having a suitable building is of real importance from the point of view of facilitating production processes, and also in terms of the cost of production. Occupying a location for production which meets the required specifications at moderate cost is second

in importance only to the factor of the availability of moderately waged staff. The support usually offered to business incubators could be applied to these industrial parks. Central and municipal authorities could also select the appropriate location for the establishment of industrial parks, and put in place organisational plans which can be expanded as required. For example, a competition could be held for the best design meeting the required specifications at the lowest possible cost (including insulation, ventilation, building height, noise, spacing of the structural columns, the required flexibility in dividing the areas and so forth). Consideration must also be given to the aesthetics of the external appearance, which should be faced in white tiling, providing both insulation and an attractive façade. The design must also ensure that benefit is derived from solar energy. This general outline can be refined and developed by specialists.

- In order to encourage investors it is advisable to make land obtainable free of state ownership or at token prices.
- The state must impose investment conditions to guarantee that there is no speculation on the project's buildings, and that they are only used for the purpose for which they were built. Each of the facilitations offered by the state can be linked to the number of job opportunities registered with the social security authorities.
- Private sector companies can be entrusted with erecting and leasing buildings, subject to conditions and specifications put in place by the state, in order to encourage small investors who do not have the means of purchasing their own building. For example, establishing a needlework workshop of 100 square metres in area, which employs ten to fifteen workers, may be a realistic aim for many young entrepreneurs if a building is available at an acceptable rent along with a soft loan for the purchase of tools.
- Factories must be enabled to operate with complete transparency to avoid the collective contraventions which leave them open to blackmail. All of the transactions they require must be completed quickly and easily in order to root out bribery and commissions.
- No informal extension or expansion must be permitted, and there must be full compliance with the organisational plans and the building's approved specifications.
- Legislation and resolutions must be passed to block the moves of speculators and parasites seeking either to take advantage of the facilitations granted for the project without achieving its aim of creating jobs, or to exploit buildings allocated to the project for non-industrial uses.
- A full survey must be undertaken to select towns which are suitable, and meet the necessary conditions, to be approved artisanal industry hubs.
- The greatest possible governmental support must be provided, comprising a package of attractive exemptions and facilitations directly linked to the number of jobs created by the company.
- The availability of soft loans for incorporation, and liquidity for operation, must be ensured, and exports guaranteed. The state, Arab and foreign aid programmes and the United Nations' development programmes must work together to provide these facilitations and loans.

- Industry's expenditure must be freed of: A) unnecessary costs; B) parasitic costs; and C) bureaucratic costs.
- Clearance processes at the customs office located within the hub must be made available around the clock, seven days a week, so that import and export transactions can be completed immediately. The procedures of temporary importation for manufacturing and re-exportation must also be simplified.
- Regular freight lines for export by land, sea and air must be provided.
- A comprehensive plan must be put in place to support the industrial parks project, combining the advantageous features of the industrial free zones, the industrial incubator programmes and the export support and activation programmes.

Definitions

Unnecessary costs: These are costs which can be saved without harming product quantity or quality. Examples include the high cost of constructing factories in expensive residential areas; large distances between workplaces and the workers' homes which result in additional transportation costs and the lost value of wasted time; poor performance of the factory itself generally leading to wastage of the energy required for heating and cooling and so on; wasted time and losses caused by delays in performance and irregular or disorganised import and export freight lines.

Parasitic costs: These are expenses paid without a return, or with a return of a much lower value. Examples include: Employing an unproductive or incapable workforce in order to appease some authority, with wages far in excess of the return provided, or the unjustified commissions paid to agents and middle men, and the bribes and fees which in many cases are a significant burden on production costs.

Bureaucratic costs: These are losses borne by producers as a result of delays in completion of the necessary administrative paperwork and import and export transactions. These often obstruct the smooth running of production processes and slow the circulation of capital. This leaves companies liable to delay penalties, in particular in relation to procedures of temporary importation for manufacturing and re-exportation, where the manufacturing fees paid to the company will decrease as the delivery period extends.

The Example of the Clothing Industry

Advantages of the Clothing Industry:

- In spite of all of the technological development which has taken place in recent decades, the manufacturing of clothes remains to some extent a manual industry, reliant on individual skills and requiring an intensive workforce. It therefore creates job opportunities which cannot be provided by any other industry.
- The cost of creating a job opening in the clothing industry is very low, ranging from SYP 100,000 to SYP 300,000 depending on production quality.

- The area required for each worker ranges from six to eight square metres at most needlework firms.
- The clothing industry is an exceptionally environmentally friendly industry.
- A simple and inexpensive training programme can qualify very large numbers of job seekers to become involved in the production process. For example, it takes eight weeks to qualify a needlework employee in sewing and knitting. Technical and skilled workers can also be trained in one academic year, while the higher clothing technology institutes produce experts and technicians after a period of study which generally lasts three years. Intensive, dedicated short courses can be created in the areas of cutting out, managing production lines, quality assurance and other such specialisations.
- If Syrian clothes products are able to compete, the available markets are unlimited. The world's clothes market was estimated to be worth \$700 billion in the year 2009; the countries of the European Union alone imported almost \$75 billion worth of clothes in the same year. This is in addition to the markets of neighbouring countries, the Gulf states and the domestic market.
- The clothing industry ranges from the production of cheap, everyday clothes to the top international brands. When clothes manufacturing flourishes within a country, the industry automatically advances year on year as a result of the accumulation of experience. This improves quality and increases the return, whereby industry becomes capable of paying workers better wages. In short, supporting Syria's clothing industry and raising its competitive ability will prove to be an important source for the creation of jobs for decades to come, provided that it is nurtured during the early years until it grows strong and able to compete.
- The clothing industry essentially relies on the employment of women. This would meet Syria's urgent need to create job opportunities for women in rural areas.

The Situation in the International Clothes Market

The Ten Major Exporters of Clothes to the European Union (in € billion)				
Country	2005	2009	Share	% Growth 2005/2009
Extra-EU	49.305	57.279	100.0	16.2
China	16.961	25.586	44.7	50.9
Turkey	8.098	6.990	12.2	-13.7
Bangladesh	3.538	5.119	8.9	44.7
India	3.239	4.104	7.2	26.7
Tunisia	2.463	2.262	3.9	-8.2
Morocco	2.246	1.997	3.5	-11.8
Vietnam	690	1.197	2.1	73.6
Sri Lanka	797	1.164	2.0	45.9
Indonesia	1.200	1.085	1.9	-9.6
Pakistan	779	891	1.6	14.3

Source: Eurostat, codes NC61+NC62

From the above table the following can be observed:

- In 2009 the countries of the European Union imported clothes worth a total of €57 billion (\$75 billion). Ten countries control 88% of the volume of imports. There is no mention of Syrian clothes exports given their meagre number.
- Clothing imports into the EU countries increased by 16% over the past four years as a result of the decline in European clothes production. This decline is expected to continue over the coming years because of significant rises in wages in all EU countries, including the Eastern European countries which joined the Union recently and which used to manufacture a significant portion of the European Union's clothing market's needs.
- The poorest countries have achieved significant increases in their exports to the European Union over the past four years, for example: Vietnam by 73%, Bangladesh by 45% and Sri Lanka by 46%. China has meanwhile realised a 51% increase as a direct result of the expiration of the system of quotas for the international clothes trade in 2005.

It is possible to gain an understanding of the aspects of the international clothes market that concern us by shedding light on the clothing industry within four countries, namely China, Turkey, Tunisia and Vietnam. It is thereby possible to see the opportunities available for the export of Syrian clothes to the EU market.

China:

China occupies the undisputed first place in the international market when it comes to manufacturing and exporting clothes. In 2009, for example, its market share amounted to 44.7% of the European Union's total clothes imports, representing a value of more than €25 billion. This situation cannot continue, for the following reasons:

- It is not in the European Union's interests for a single state to control almost half of its clothing imports. The EU countries will undoubtedly act to reduce this percentage.
- In early 2007, the exchange rate of the US dollar against the Chinese currency was 8.26 Yuan to the dollar. This declined by November 2010 to 6.6 Yuan to the dollar, meaning that prices of Chinese clothes have risen by approximately 25%. It is anticipated that this exchange rate will continue its decline as a result of Western countries' pressure on China to raise the value of its currency in order to limit its trade surplus with these countries.
- The wages of Chinese workers have risen in recent years; the minimum wage is now equivalent to SYP 8,000. The current level of wages in China is approximately equivalent to those in Syria, and they are likely to increase quickly as a result of the rapid growth of the Chinese economy.
- The European Union imposes customs duties on clothes imports from China, whereas Syrian clothes are exempted from any fees, whether customs or otherwise.
- Distance from the EU countries represents an obstacle for some forms of clothing which must be delivered quickly, whereas proximity to the Union represents an advantageous feature of Syrian clothing exports.

The foregoing does not signify that China will be ousted from the European Union. Its share of the market is however certain to decrease significantly in the years ahead, as it will no longer export the cheap clothes which represent a large portion of its exports at the present time. This decline will be in favour of other countries; Syria could be among them if it possesses the ability to compete.

Turkey:

Turkey occupies fourth place internationally in terms of clothes exports; in 2009 its exports of clothing amounted to \$13 billion. It was the second largest exporter of clothes to the European Union, controlling 12.2% of clothing imports to the EU market with a value of almost €7 billion.

Up-to-date statistics show that Turkey's clothing exports to the EU countries have declined by 13.7% over the past four years, which is due to the sharp rise in wages in recent years. It is expected that this decline will continue in the future, with the increase of wages arising from the rapid growth achieved by the Turkish economy.

Turkey is a good candidate to be a strategic partner in developing the clothing and exports industry in Syria – a subject discussed in detail below.

Tunisia:

Tunisia's experience of the clothing industry could be the best model for the development of this industry in Syria, in particular if the aim is to take a significant share of the European Union market.

In 2009 Tunisia's share of clothes exports to the market of the EU countries amounted to 3.9% of total clothing imports, with a value of €2.262 billion. Tunisian statistics show that there are 1,724 solely exporting companies manufacturing textiles and clothing. The majority of their production is exported to the EU countries, and they employ 178,548 workers. 378 of these companies have participation from France, 249 from Italy and 113 from Belgium.

Tunisia is facilitated in this by its proximity to the EU countries, and by its partnership agreement with the European Union.

Vietnam:

In 2009 Vietnam exported \$9 billion worth of clothes, 84% of which went to the markets of America, the European Union and Japan. Of this total 18% (worth €1.2 billion) went to the EU countries.

Vietnam managed to increase its clothing exports to the European Union by 73% during the period 2005 to 2009. This is in spite of its geographical distance, and the fact that it lacks textiles and production supplies, most of which it imports from China.

Conditions for Competitiveness in Exporting Clothes to International Markets

There are three basic factors which determine competitive ability in the international clothing markets. In order of importance, these are as follows:

Delivery at the appointed time, the goods' correspondence to the sample contracted upon, and finally the competitiveness of the price.

The requirement of delivery at the appointed time is of the utmost importance because clothes are seasonal goods. They are significantly affected by changes in fashion, and are associated with seasons and weather conditions.

The main international clothing importers are the large companies within the industrial countries, which operate according to set schedules for the flow of goods into retail showrooms. Any delay in appointed delivery times causes them embarrassment and significant losses, which the companies usually pass on to the exporter responsible in the form of significant deductions. They may even reject the goods entirely, and impose penalties for non-delivery and loss of profits on the exporter.

The second most important requirement is that all of the goods are homogeneous, compliant with the contract and free from defects. Any variation or fault will result in

the importer having the right to reduce their value, or to reject them in the event that the percentage of error exceeds the level permitted internationally. Skilled staff are required in order to achieve this.

Price – despite the fact that it ranks in third place in terms of importance below reliability of delivery and quality – it is nonetheless a significant factor for entry to the international market.

Competition in the clothing industry is fierce. The addition of unnecessary or parasitic costs will not be accepted, given how easy it is to establish this industry in poor countries seeking to create job opportunities for their people, as is the case in Syria.

The Clothing Industry in Syria

Until recently Syria's clothing industry entirely monopolised the domestic market; over the course of decades it did not experience competition of any sort from foreign products. This has left it in a weakened state, and prevented it from performing the natural evolution necessitated by robust competition. It was formerly able to add all of the unnecessary, parasitic and bureaucratic costs, and the costs of inexperience and decreasing returns, onto the price of the product. The consumer, having no other choice, was forced to pay up. A few years ago however, the clothing industry suddenly found itself in a fierce and unexpected face-off with Chinese and Turkish clothes. In a short space of time it lost what some estimate to be 70% of the domestic market for some types of clothing. It is likely to make further losses if it cannot be urgently rescued. The Syrian Statistical Abstract indicates that in 2009 Syria managed to export goods worth \$475 million. This is evidence that, in spite of the difficulties it faces, the industry nonetheless has its strong points in the view of certain neighbouring markets and the markets of the Arabian Gulf states. However, it is also apparent that Syria's clothing imports more than doubled from SYP 533 million in 2008 to a total of SYP 1.094 billion in 2009, while clothing exports in 2009 were more than a billion Syrian pounds lower than the previous year.

Target Markets for Retailing Syrian Clothing Products

The Domestic Market:

The invasion of the Syrian market by imported clothes over the past few years, and the speed with which they have become widespread, is a cause for concern. This is particularly the case given that these imports are of large quantities of cheap, everyday clothes, while tens of thousands of young women remain unemployed in rural Syria having completed basic education or secondary feminine arts. There is no doubt that a needlework training course of only eight weeks in duration could transform these young women into needlework production line employees. All they would need is a sewing machine probably worth around \$700, and an area of a few square metres in a needlework factory or workshop within the industrial parks close to their homes.

The Syrian clothing market, which comprises more than twenty million consumers, should be a subject of great concern. It cannot be defended by prohibiting imports, or imposing import customs duties. Rather, clothes manufacturers must be helped to raise the level of quality and to reduce costs by all possible means. All necessary forms of textiles and production supplies must be provided without obstacles or customs duties, so that the widest possible choices are open to Syrian producers to assist them in manufacturing the goods the market needs at appropriate prices and with the necessary speed. Customs duties must not be imposed on Syrian manufacturers for importing textiles and production supplies at a time when imported clothes (which are often supported by their governments) are entering the Syrian market with great ease as a result of the free trade agreements.

Aside from the economic benefits of defending the domestic markets and creating job opportunities, the manufacturing of high quality, attractively priced clothes for the Syrian market would be a strong draw for retail tourism, in particular from neighbouring countries and the Gulf states. Syria may also become an important centre for suitcase trading, which could represent an important addition to the country's exports. This process would also contribute towards ensuring that the free trade agreements resulted in profits rather than losses.

The Markets of the Neighbouring Countries and the Arabian Gulf

The markets of Iraq, Jordan, Lebanon, Egypt and the countries of the Arabian Gulf have been traditional markets for many types of Syrian clothing over the past few decades. They have many advantageous features in addition to the Arab Free Trade Agreement which exempts Syrian clothing from customs duties. In the event of the success of the industrial parks project and the flourishing of Syria's clothing industry, its products' share of this market, which is worth tens of billions of dollars per annum, could be multiplied. With the exception of Egypt, there is no other clothing industry within this market to compete with Syria either at the present time or in the foreseeable future.

The European Union Market

As is observed above, in 2009 the countries of the European Union imported goods worth \$75 billion. A Cooperation Agreement is in place between the Syrian Arab Republic and the European Economic Community, which was signed on 18/01/1977. Article Nine of this agreement states that customs duties and taxes shall be abolished with equivalent effect on the Community's imports of products of Syrian origin, including almost all products of the artisanal industries, foremost among them clothing. This came into force on the first of July, 1977, and remains effective to this day.

The Cooperation Agreement provides for clothing products manufactured in Syria to obtain the Euro 1 certificate, exempting Syrian clothing from any customs duties and other such fees if the manufacturing process begins with primary materials or with textiles of European origin (operations of temporary importation for the purpose of manufacturing and re-exporting for European companies).

Turkey: the Best Strategic Partner for Building an Advanced Clothing Industry in Syria

The clothing industry is often confused with the textiles industry; in reality, they are separate industries. Whereas the textiles industry relies to a large extent on machinery and automation, requiring significant investment, high water and electricity consumption and a very limited number of workers, clothing manufacturing (as is observed above) remains an artisanal, manual industry. It does not require significant investment, yet it provides an unlimited number of job opportunities.

However, this is not to deny that there is a solid connection between the two industries. It is possible for them both to thrive together within one country, as is the case in China and Turkey. Alternatively there may be a continuation of the textiles industry without the clothing industry, for example in rich countries. The opposite may also occur as is the case in countries such as Vietnam, where the clothing industry has flourished, relying on textiles and production supplies imported from China. In the cases of Tunisia and Morocco, they import most of their requirements of textiles and production supplies from the nearby countries of the European Union. Companies within countries incapable of manufacturing clothes as a result of rising wages commonly manufacture their collections in neighbouring countries. They dispatch the textiles and production supplies so that the needlework can be completed on their behalf. This relationship is known as CM (cutting-making), and exists between Tunisia and Morocco and the European companies.

By these means, Turkey could act as a strategic partner in assisting Syria's clothing industry to flourish, for the following reasons:

- In addition to being the second largest exporter of clothes to the European Union countries, Turkey is also the world's eighth largest exporter of textiles. It manufactures most types of textiles required for clothes exported to the European Union.
- The above table shows that in 2005 Turkey's share of clothing imports to the European Union market was 16.5%. This decreased to 12.2% in 2009 – a drop of more than a quarter over four years – as a result of the decline in the competitive ability of its basic clothes, T-shirts, uniforms and sportswear. This is due to a significant rise in the wages of the country's workers in recent years. It is likely that clothes of this type could form a start point for launching Syria's clothing industry, with a focus on exporting to the EU countries using Turkish textiles and needlework supplies.
- Turkey has significant experience of the demands of the European Union clothing market, from which its Syrian partner could benefit by gaining access to the Union. Turkish companies may prove to be useful mediators, at least in the early years.
- Turkey's geographical proximity to both Syria and the European Union qualifies it to play the role of the third partner.
- Turkey has the advantageous feature of a customs union agreement with the European Union, while Syrian clothing products enjoy the benefit of exemption from European Union customs duties. It would therefore be possible to benefit from issuing a combined certificate of origin for Syrian clothing products, manufactured from Turkish textiles

and exported to the countries of the European Union, in order to take advantage of the full exemption from customs duties.

- Syrian clothing exports to the EU countries could benefit from Turkey's enormous fleet of lorries.
- It is anticipated that Turkish investors' involvement in Syria's clothing industry would increase if the appropriate circumstances were provided to cover the needs of the Turkish domestic market while exporting to the Arab states and EU countries.
- The arrival of Turkish investors would result in the transfer of experience within the clothing industry, of which Syria is in dire need.

The European Union's Anticipated Role in the Success of the Industrial Parks Project

The existing partnership agreement covers in detail the European Union's undertakings relating to contributing towards Syrian industrial development. Article Ninety-Five of the agreement indicates that cooperation between the parties is "aimed at determining and employing the most effective means of tangibly improving the situation of Syria's education, qualification and vocational training sector."

In Article Ninety-Eight, it also encourages industrial cooperation by promoting the following:

- (a) Cooperation between economic activities in Syria and the Community, including Syria joining the Community's networks in order to create links between commercial companies and networks established within the framework of decentralised cooperation.
- (b) The modernisation and restructuring of Syrian industry, including its infrastructure and supporting institutions in related fields such as standards, quality assurance and industrial design.
- (c) Creating and encouraging an environment which provides a suitable climate in which to develop private projects, aiming to incentivise growth and diversification within industrial production from the point of view of sustainable development.
- (d) Cooperation between small and medium-sized projects in Syria and the Community.
- (e) Innovation, research and development, and the acquisition of technology and products contributing to the development of the Syrian economy.
- (f) The diversification of Syria's industrial outputs.
- (g) The strengthening of human resources.
- (h) The improvement of access to investment financing.
- (i) Incentivising innovation and renewal.

- (j) The improvement of information support services.
- (k) Any other field of cooperation agreed upon by both parties.

Article Twenty-Four of the agreement stipulates that “products imported from territories belonging to the other party shall be granted no less favourable treatment than that shown to similar local products, as regards all of the laws, regulations and requirements affecting internal sales and offers of sale, purchase, transportation, distribution or use.”

From the foregoing it is clear that the countries of the European Union have undertaken to provide the assistance and support required to develop, update and restructure Syrian industry, to participate in education, qualification and vocational training, and to assist Syrian industry in improving access to investment financing, among other forms of support.

This is in addition to the opening of the European Union’s markets to Syrian industrial products, free of all customs duties and any other fees. Syrian industrial products exported to the European Union are therefore treated similarly to equivalent goods produced within the EU countries.

The market represented by these countries – which comprises around 450 million consumers – remains a wasted golden opportunity, despite all of the facilitations offered.

The result of producing goods to meet the needs of this market would be the possibility of creating an unlimited number of jobs in Syria’s artisanal industries.

Within Syria’s industrial parks it would be possible to produce artisanal products for which there is no equivalent in European industrial production. The nature of these products, requiring a skilled workforce to perform manual jobs, means that they cannot be produced in the countries of the Union because of the rise in the workforce’s wages to more than ten times those in Syria.

There is also a significant possibility of undertaking manufacturing for sections of European industry which require skill and manual labour. Syrian workers could be trained and qualified to perform these operations on behalf of European companies.

Securing hundreds of thousands of jobs takes thousands of investors

Four parties must be present for the creation of the industrial parks project:

- The first is the job seeker, who must improve his educational qualifications and vocational skills in order to gain access to improved job opportunities.
- The second is the state, among whose duties it is to provide education, training, and qualifications, along with the necessary facilitations and all possible support.
- The third is the foreign states and organisations providing technical and financial assistance through development programmes or bilateral agreements and treaties.

- The fourth party is the investor. It is clear that investors will not become involved in industrial parks motivated by need (as is the case with job seekers), duty (as is the case with the government), or the fulfilment of obligations (in the manner of the aid-granting states and institutions). Rather, investors are searching for opportunities to make a profit, and they have countless options open to them (such as speculating on property, trade, tourism or transport). If an investor is to choose to invest in industrial parks, he must be confident that his investment will be profitable in the foreseeable future, and guaranteed in the long term. He will in addition be making the social and moral contribution of creating job opportunities.

If this noble aim of providing hundreds of thousands of jobs in the industrial parks is to be achieved, there is a clear task ahead. This is to persuade thousands of investors – or providers of job opportunities – to participate in this project.

It must be reiterated that the time has come to change the prevailing view among many state employees of the investor as an exploiter, or even a vampire, who deserves to be blackmailed.

There is no doubt that the creation of jobs for hundreds of thousands of families in rural Syria is a divine duty in the service of which the entire nation should expend its full efforts. There is no doubt that if suitable labour conditions are provided and workers' nobility and rights respected, Syria's young people are capable of seeing this project through, and realising the miracle of building a flourishing industry.