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EXPORTS OF MANUFACTURES AND SEMI-MANUFACTURES FROM THE SYRIAN ARAB REPUBLIC TRENDS, PROBLEMS AND PROSPECTS

86-0826

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LIST OF ABBREVIATIONS AND SYMBOLS

ACM	Arab Common Market
CMEA	Council for Mutual Economic Assistance
EEC	European Economic Community
EFTA	European Free Trade Association
ESCWA	Economic and Social Commission for Western Asia
GSP	Generalized System of Preferences
GDP	Gross Domestic Product
GNP	Gross National Product
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification
MTN	Multilateral Trade Negotiations
SITC	Standard International Trade Classification
UAE	United Arab Emirates
UNCTAD	United Nations Conference on Trade and Development
USSR	Union of Soviet Socialist Republics
n.e.s.	Not elsewhere specified
$	United States of America dollar
LS	Syrian pound
...	Not available
-	Nil or negligible

INTRODUCTION

This study has been prepared in accordance with the Programme of Work and Priorities for 1984-1985 in the field of international trade and development finance, which the Commission approved during its Tenth Session. It constitutes one of two studies - the other study being on Iraq - undertaken within the framework of work programme element 1.4 on the expansion and diversification of exports of manufactures and semi-manufactures in selected countries of Western Asia.

Exports of manufactures and semi-manufactures from the Syrian Arab Republic have grown faster in recent years than total output and exports of primary commodities. Between 1975 and 1983, for example, these exports - measured at current prices - grew about twice as fast as gross domestic product and eight times faster than exports of primary commodities; they have also risen at times when the value of the latter was even falling.

The need to expand and diversify exports of manufactures and semi-manufactures is predicated on certain basic structural features of the Syrian economy. As in other developing countries, industrial development is viewed in the Syrian Arab Republic as an important means for achieving rapid economic growth and diversification. The smallness of the domestic market, however, puts severe limitations to the role that import-substitution could ultimately play to attain these ends and renders production for export a prerequisite for industrial development in the long-run. Such orientation will also make possible a more effective exploitation of actual and potential comparative advantages.

The argument for developing exports of manufactures and semi-manufactures also rests on the pressing need to reduce Syria's excessive trade deficit and dependence on external resources to finance a substantial part of domestic capital formation, and to provide productive and remunerative employment for the country's rapidly growing labour force. In the past, the situation has been made tenable largely through substantial aid flows from the Gulf countries, and by their strong demand for expatriate labour and imports, including those originating in the Syrian Arab Republic. But strains have recently emerged on this front. The unfavourable turn in economic circumstances experienced by these countries over the last 2-3 years,

resulting primarily from the depressed world oil market, has induced a sharp curtailment in aid flows and in the demand for expatriate labour and imports which have been felt by the Syrian Arab Republic through a large drop in the availability of external financing. This, coupled with continued uncertainty in this regard, and the sluggishness in world demand for primary products in general, highlight the need to intensify efforts to reduce external dependence and vulnerability by developing export industries and promoting exports of manufactures and semi-manufactures.

The purpose of the study is to analyze developments in Syria's exports of manufactures and semi-manufactures, both with respect to product composition and geographical distribution, and the factors influencing performance and prospects in the context of existing institutions, economic structures and the prevailing socio-economic philosophy, and in relation to basic economic and industrial trends. The intention is to suggest measures that would contribute to increase the effectiveness of the export sector, especially as it relates to manufactured and semi-manufactured goods.

The study was based initially on information and data derived from official sources and other studies, and reports on the subject prepared by international and regional organizations. This was supplemented by the findings of a mission from the Economic and Social Commission for Western Asia (ESCWA) which visited the Syrian Arab Republic from 19-30 September 1985 where it had extensive consultations and discussions with the competent authorities and bodies on the issues confronting exports of manufactures and semi-manufactures and their views on likely development.

The analysis is essentially supply-oriented, though demand considerations are not entirely overlooked. The focus is on indigenous factors affecting the availability and marketability of Syrian exportables. Except for what could be inferred from existing trade patterns, the study - for lack of resources and information - does not attempt to analyze in great depth the situation in actual or potential markets insofar as obstacles and opportunities for expanding exports of Syrian manufactured and semi-manufactured products are concerned.

Two additional limitations should be mentioned. First, information was not available on current or anticipated rates of capacity utilization, nor on expected additions over the duration of the Sixth Five-Year Development Plan

(1986-1990) in the production of exportable products. Second, information was also lacking on the course, past and expected, of internal demand which in the case of the Syrian Arab Republic is a major determinant of the availability of goods for export.

The presentation of the study is organized as follows. The overall economic setting and selected features of the Syrian economy (economic performance and structural imbalance, the domestic market and economic organization and control) are examined in Chapter I. Performance and selected features of the manufacturing sector (overall growth and structure of output, exports in manufacturing output, organization and control) form the subject matter of Chapter II with emphasis on the respective roles of the public and private sectors and their performance characteristics. Chapter III analyzes the structure and geographical distribution of Syria's exports of manufactures and semi-manufactures. The institutional framework, policies and incentives for promoting exports are considered in Chapter IV. The main factors influencing exports of manufactures and semi-manufactures from the Syrian Arab Republic (development of export industries, production and marketing conditions, product composition and destination) and export prospects are reviewed in Chapter V. There follows a summary of findings and conclusions. These, it should be emphasized, must be interpreted within the prevailing socio-economic philosophy and established social and economic development objectives and priorities.

Selected statistical Tables are given in Appendix A. A review of performance of selected General Industrial Organizations is presented in a Supplement to the study.

I. THE ECONOMIC SETTING

A discussion of the overall economic setting and selected features of the Syrian economy is useful in the context of a study on exports of manufactures and semi-manufactures in that it highlights constraints and/or positive elements bearing directly or indirectly on the development and expansion of exports. Such a discussion should also be helpful in elucidating the arguments advocating the importance of and need for stepping up efforts in that direction.

The resource-endowment characteristics (natural, human and capital), and the performance and state of diversification of the Syrian economy in general, are indicative of the development potential and constraints, including the development and expansion of exports of manufactures. By highlighting some of the major structural imbalances facing the economy, attention is focused on the vital role that exports in general, and manufactures in particular, can assume in the overall process of economic and social development in the Syrian Arab Republic. Similarly, the size of domestic market is intimately related to the type and scope of activities that are feasible and viable. The organization of economic activity and ownership of means of production also assume special significance in the context of analyzing trends and prospects of exports of manufactures and semi-manufactures.

A. Economic Performance and Structural Imbalance

The Syrian Arab Republic has a good agricultural potential which is complementary to the conditions prevailing in most of the countries of Western Asia, pointing to the possibilities of expanding exports of agro-based industries in general, and to the region in particular 1/. At the same time, the only minerals of any significance which are currently being exploited are petroleum and phosphates. In both, however, the Syrian Arab Republic is not a major regional producer and export markets lie outside the region. The Syrian Arab Republic also has a reasonably well-educated population and trained

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1/ Of a total land area of about 18.5 million hectares, an average of about 3.9 million hectares have been cropped in recent years. Of the latter, 0.62 million hectares were under irrigation in 1984. Agriculture has strong linkages with manufacturing industries producing foodstuffs and fibres.

labour force in comparison with some of the countries in the region. It has also a long mercantile tradition, and is favoured by a strategic geographic location, and was one of the first few countries in the region to embark on industrialization. The young-age structure of its population implies a greater potential for mobility and adaptability to training.

1. Growth of output and investment

The growth of overall output and the evolution of the investment coefficient (share of capital formation in total output) have a strong bearing on future growth prospects and diversification of the economy. The structure of the economy, level of prices and productivity are also relevant for the determination of the volume and composition of exports and the ability of domestic products to compete internationally. Such variables may, in the case of the Syrian economy, be usefully considered against different time horizons which, for example, correspond to the duration of development plans and/or can be associated with significant developments marking the economy. Both approaches are used below.

Over the two decades spanning the years 1963-1983, real gross domestic product (GDP) grew at an average annual rate of 6.5 per cent (see Table I-1). This, however, conceals wide year-to-year differences in achievement, with the bulk of the increment in output realized in a relatively limited number of years. Thus, the period 1970-1983 witnessed growth rates that varied from a low negative 3 per cent in 1973 to a high rate of almost 24 per cent in 1975.

While the need to divert substantial resources to defence and security, because of the political situation in the region, and the erratic performance of the agricultural sector, have exerted a pervasive influence on the overall underlying trend, the Syrian economy has responded to generally different impulses during different segments of this period. At 5 per cent per annum, growth in the decade 1963-1973 was somewhat below average despite the sharp rise in output registered in 1971 and 1972. During this period, performance was adversely affected by the initial uncertainties and problems that emerged in the wake of the nationalization measures of 1964 and 1965 which brought virtually the entire modern manufacturing sector under state control, and the consolidation of public sector hold over other aspects of the economy, notably foreign trade. On the positive side, the late 1960s witnessed the emergence

Table I-1. Syrian Arab Republic: Growth of GDP and its Sectoral Components, Selected Periods

(At constant 1980 market prices)

	Annual compound rate of growth 1/ (percent)				Percentage contribution to GDP increment			
	1963-1973	1973-1980	1980-1983	1963-1983	1963-1973	1973-1980	1980-1983	1963-1983
Total GDP	5.0	9.6	4.3	6.5	100.0	100.0	100.0	100.0
Agriculture	-1.5	13.7	0.2	3.9	-6.6	25.0	1.1	13.2
Mining and manufacturing 2/	10.0	3.0	0.7	6.1	43.1	7.0	2.7	15.2
Building and construction	5.3	16.3	4.6	8.9	4.8	9.4	7.4	7.9
Wholesale and retail trade	3.2	12.4	6.2	6.8	14.5	28.7	36.4	26.5
Transport and communications	1.1	7.4	7.9	4.3	2.1	5.7	13.2	6.0
Finance & insurance	2.4	11.4	1.0	5.2	3.1	7.0	1.5	5.1
Social and personal ,services	8.5	13.0	10.1	10.3	2.1	2.2	4.5	2.5
Government services	18.7	8.7	8.4	13.6	36.9	15.0	33.1	23.4
Private non-profit services	1.4	5.7	9.0	4.0	-	-	0.1	0.1

Source: Syrian Arab Republic, Statistical Abstract 1985.

1/ Average annual compound rates of growth computed on the basis of terminal years.

2/ Includes gas, electricity and water.

of oil as a leading export item, while the early 1970s coincided with initiatives to liberalize the Syrian economy and encourage the private sector and foreign capital to play a more active role in economic life.

The rapid growth of output in the period 1973-1980, averaging 9.6 per cent per annum, was associated with the greatly improved ability of the Government to expand developmental spending while at the same time continuing to introduce measures to improve the climate for a more effective private sector participation. Such developments appear to have been made possible by the sharp expansion in foreign exchange earnings from exporting initially crude oil and then refined products which benefited from the sharp rise in prices after 1973; substantial, though fluctuating, transfers, mainly grants from other Arab countries; and, benefits resulting from the buoyant economic conditions in the region, notably the Gulf, in the form of workers' remittances and increased volume of exports and transit trade.

The early years of the 1980s witnessed a sharp deceleration in economic growth, to an average annual rate of 4.3 per cent during 1980-1983. A rise of 10 per cent in GDP in 1981 was followed by a growth rate of about 3 per cent in 1982 and virtual stagnation in 1983. Provisional information for 1984 point to a drop of about 2 per cent in GDP 1/. In part, this reflected the rapid catching-up process of fuel imports with exports 2/ brought about by the rapidly rising trend in domestic consumption of oil products and the adverse repercussions of a depressed international oil market. Perhaps more significant have been the indirect repercussions of the world economic recession which manifested themselves in lower aid flows and workers' remittances from the traditional Gulf donors and employers of Syrian labour, and reduced demand for Syrian exports. At the same time, additional economic liberalization measures continued to be introduced.

1/ Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract 1985.

2/ Fuel exports, which still exceeded fuel imports by a comfortable margin up to 1980, were reported to have been overtaken by imports in both 1981 and 1983, having attained in 1982 virtually the same level. (See: Syrian Arab Republic, Central Bureau of Statistics, Foreign Trade Statistics (various issues).

In terms of their contribution to the GDP increment over the period 1963-1983 (see Table I-1), the leading sectors were wholesale and retail trade (26.5 per cent), government services (23.4 per cent), mining and manufacturing (15.2 per cent), agriculture (13.2 per cent) - though with wild fluctuations in output - and building and construction (7.9 per cent). The sharp retreat in the contribution of both the agricultural and manufacturing and mining sectors 1/, accentuated the relative contribution of the other sectors in the more recent period, especially government services and trade. However, the fastest growing sectors over the period 1963-1983 have been government services (13.6 per cent),social and personal services (10.3 per cent), building and construction (8.7 per cent), and trade (6.8 per cent). It is worth notiong that expansion was considerably faster in the first half of the period for the mining and manufacturing sector and Government services, while the opposite was true of trade and construction.

The satisfactory overall performance of the Syrian economy was associated with a rapid rise in the share of resources devoted to capital formation (see Table I-2). Thus, after having dropped slightly to 15.5 per cent between 1963

Table I-2. Syrian Arab Republic: Gross Fixed Capital Formation: Share in GDP and Sectoral Distribution, Selected Periods 1/ (per cent)

	1963	1970	1971-1975	1976-1980	1981-1984
Share in GDP	15.9	15.5	18.4	26.8	26.1
Sectoral distribution	100.0	100.0	100.0	100.0	100.0
Agriculture	6.7	15.0	14.0	5.6	8.2
Mining & manufacturing	26.9	26.5	36.7	41.2	29.8
Transport & communications	17.6	17.4	13.6	13.9	14.2
Dwellings	31.8	27.8	21.3	21.0	26.0
Other	17.0	13.3	14.4	18.3	21.9

Source: Syrian Arab Republic, Statistical Abstract 1985.

1/ At constant prices of 1980.

1/ Value added originating in these two sectors was marginally higher in 1983 compared to 1980.

and 1970, the investment coefficient rose sharply in the subsequent period, attaining 18.4 per cent of GDP during the third plan-period (1971-75), 26.8 per cent in the fourth plan, (1976-80), and 26.1 per cent during the first four years of the fifth five-year plan. These rates come close to the target of 28 per cent set forth in the International Development Strategy for the Third United Nations Development Decade for developing countries in general to attain by 1990.

The sectors benefiting most from the investment allocations have generally been mining, manufacturing and dwellings. At the same time, however, emphasis has been shifting from one plan to another.

While economic expansion was virtually inflation-free up to 1973, the period since then has witnessed a relatively sharp rise in the overall price level. Measured by the GDP deflator, the modest average annual increase of 3.3 per cent registered during 1963-1973 gave way to an annual rate of about 13 per cent in the decade which followed. It is of interest to note in this connection that price movements were far from even, being largely concentrated in few years, notably 1974 and 1979-1981 reflecting possibly the influence of domestic bottlenecks and production shortfalls as well as external influences.

2. Structural imbalance and external dependence

a. Structure of output and employment

While significant structural shifts have taken place since 1963, the Syrian economy has remained largely service-oriented (see table I-3). Unlike the more industrially-advanced countries where a predominance of tertiary activities is associated with a higher stage of development, in developing countries in general it is more a symptom of the low state of industrial development and the existence of a strong mercantile tradition and tendencies.

Moreover, services have been generally gaining in importance at the expense of commodity production, with their share in GDP standing in 1983 at 60 per cent and 40 per cent, respectively. Within the commodity-producing sectors, agriculture lost considerable ground while construction gained some. The share of mining and manufacturing increased sharply at first, attaining about 25 per cent of GDP in both 1970 and 1975, but then declined in the early 1980s to close to its 1963 level of about 17 per cent.

Table I-3. Syrian Arab Republic: Structure of Output and Employment, Selected Years

(Per cent)

	Share of GDP at constant 1980 market prices					Share of economically active population
	1963	1970	1975	1980	1983	1983 (January)
Commodity-producing sectors	50.5	48.0	47.1	44.3	40.3	58.2
Agriculture	29.3	18.7	16.9	20.0	17.8	28.7
Mining & manufacturing1/	16.8	24.9	25.8	17.4	15.6	14.1
Building & construction	4.4	4.4	4.4	6.9	6.9	15.4
Services	49.3	52.0	52.9	55.7	59.5	39.4
Wholesale & retail trade	24.5	23.3	23.0	24.5	25.9	9.9
Transport & communication	11.5	8.5	7.3	6.9	7.6	6.0
Finance & insurance	7.2	7.0	5.7	6.3	5.7	0.9
Social & personal services	1.0	1.7	1.2	1.8	2.1)	
Government services	5.0	11.4	15.7	16.2	18.2)	22.6
Private non-profit services	0.1	0.2	-	-	-)	
Total	100.0	100.0	100.0	100.0	100.0	97.6 2/

Source: For structure of output: Syrian Arab Republic, Statistical Abstract 1985. For structure of employment: International Labour Organization, Yearbook of Labour Statistics 1984.

1/ Includes water and electricity.

2/ Balance represents category of "unemployed persons not previously employed".

Among services, trade has maintained a fairly stable share of around one-fourth of GDP. The most impressive change, however, has been the more than trebling of the contribution of government services, from 5 per cent in 1963 to 18.2 per cent in 1983.

Structural imbalances are further magnified when the broad sectoral distribution of the economically active population is examined. In 1983, for example, the mining and manufacturing sector employed about 14 per cent of the economically active population - a share in line with its overall contribution to GDP in that year. Agriculture, notwithstanding the rapid decline in its relative importance as an employer since the 1960s, continued to employ about 29 per cent of the labour force, compared to a GDP contribution of 18 per cent. Similarly, the share of the construction sector in total employment was more than double that of its contribution to value added, thus highlighting the relatively low productivity in both sectors. Between them, trade and other services (government, social and personal) employed almost as much as agriculture.

Structural imbalances are further illustrated by the broad correspondence and interdependence between the structure of the economy and the pattern of exports. The predominance of primary activities (agriculture and mining) in commodity production finds its reflection in the high share of raw materials in total exports. This share, for example, averaged 71 per cent in 1980-1983; the balance consisting of exports of semi-finished and finished goods.

b. External dependence and vulnerability

The Syrian Arab Republic has traditionally, and especially after 1973, managed to finance a rapidly growing and substantial portion of domestic capital formation from external resources (see Table I-4). From an average of 28 per cent in 1971-1973, the contribution of external financing rose to 50 per cent of capital formation in the subsequent two years and further to an average of 59 per cent during the Fourth Plan period (1976-1980). The relative importance of external sources of finance, which stood at 72 per cent in 1981, declined sharply in the following three years to average 56 per cent in the period 1981-1984.

Table I-4. Syrian Arab Republic: Financing of Domestic Capital Formation from External Resources, Selected Years and Periods

	Percentage share (current prices)
1970	27
1971-1973 (average)	28
1974	50
1975	50
1976-1980 (average)	59
1981-1984 (average)	56

Source: Syrian Arab Republic, Statistical Abstract 1985.

While the availability of external resources has made it possible for the Syrian Arab Republic to step up the rate of domestic capital formation much above what would have been feasible on the basis of domestic resources alone, it has at the same time meant a deepening of the country's external dependence and vulnerability. Actual earnings from the export of Syrian goods and services have tended to cover only a relatively small portion of foreign exchange expenditures while transfers, private but specially official, emerged as a major source of external financing over the last decade.

A brief review of developments in major balance of payments flows in recent years will help to illustrate these points.

Table I-5 clearly brings out the inadequacy of international reserves, both in absolute terms and in relation to imports, as well as the limited extent to which imports could be financed from export proceeds. The Syrian Arab Republic has been able to finance a widening deficit on goods and services mainly with transfers without the need, as has been the situation in most developing countries, to resort to extensive borrowing. Thus, 88 per cent of an average deficit of $2,337 million on goods and services in 1980-1983 was met from transfers, largely official. However, transfers are affected by both political relations and economic conditions in the donor countries, though private transfers - workers' remittances in the case of the Syrian Arab Republic - are less likely to be influenced by political

Table I-5. Syrian Arab Republic: Major Balance of Payments Flows, 1980-1983

(Millions of United States Dollars)

	1980	1981	1982	1983	1980-1983 (average)
Trade balance (f.o.b.)	-1898	-2614	-1671	-2224	-2102
Services (net)	-145	-62	-405	-330	-235
Balance on goods and services	-2043	-2676	-2076	-2554	-2337
Transfers (net)	2294	2401	1825	1739	2065
Private (workers' remittances)	774	582	446	461	566
Public	1520	1819	1379	1278	1499
Balance on current account	251	-275	-251	-815	-272
Capital flows (net)	406	579	140	645	442
Long-term	-25	48	-8	309	81
Short-term	431	531	148	336	361
Overall balance	-258	19	97	-130	-68
For reference:					
International reserves (end of period)	366	320	227	...	...
Reserves/imports ratio 1/	1.1	0.8	0.7	...	...
Merchandise exports/ imports ratio	0.51	0.42	0.50	0.43	0.46

Source: Based on national and international sources.

- = Deficit

1/ In terms of months of imports.

conditions and more by the level of economic activity. Thus, the reduced income in the major donor countries resulting from the depressed demand for their main source of income, i.e. oil, has both affected their demand for goods and expatriate labour in general and their aid disbursements. The level of official transfers and workers' remittances received by the Syrian Arab Republic has fallen significantly between 1980 and 1983. Also the level of exports to their important Gulf markets was adversely affected.

B. The Domestic Market

The expansion of exports of manufactures may be achieved in one or a combination of several ways: expansion of sales of industries already active in exporting; finding outlets for traditional industries or ones originally established for import substitution and whose contribution to exports is nil or negligible; and, establishment of industries the entire output of which is intended for export.

In the case of basically inward-oriented industries, a minimum size of the domestic market is a prerequisite for such industries to be viable in the first place; and the larger that market the greater the opportunity for reaping benefits from economies of scale is. For developing purely export-oriented industries, the size of the market could play an important role in raising the competitiveness of such industries since a large market is more likely to be associated with the presence of economies of scale and externalities in such important areas as technology, labour training and skills, and institutional arrangements from which export industries could benefit.

It is also worth noting that while the size of the domestic market will affect the efficiency and, hence, competitiveness of actual or potential exporting industries, the need for exporting manufactures is one of several arguments put forward to overcome limitations imposed by the small size of the domestic market on the process of industrialization, notably in its early stages.

While in the long run a large domestic market should prove beneficial for promoting exports of manufactures, in the short and medium-term a potentially large and rapidly growing domestic market could not only absorb the entire output of industries producing basically for internal consumption but having

an export margin, but also act to reduce the incentive or deter altogether firms producing behind a wall of protection to seek export markets with greater uncertainty and conceivably lower profits. But with appropriate policies, a secure and profitable home market should be helpful in providing a springboard for such firms to move into external markets.

Various static indicators are available for assessing and comparing the size and potential of the internal market such as the size of the population, area and arable land, and levels of per capita income, consumption, investment and imports. The effective size of the market is also related to other variables including available skills, adequacy of the physical and institutional infrastructure, income distribution and the general state of technology. In a dynamic sense, however, the market size will be a reflection of the growth potential of all the afore-mentioned indicators.

In terms of the more commonly used indicators, i.e. per capita income and population, the Syrian Arab Republic occupies, in the context of the region, a rather modest position with respect to the first, but has a high ranking in the second. Among the eleven Western Asian countries for which income per head data were available for 1982, the Syrian Arab Republic ranked seventh, the same as Jordan. With a population close to ten million, its position improves significantly, ranking fourth among the thirteen ECWA countries shown in Table I-6.

The limitations of income per head comparisons for assessing market size and potential should be borne in mind. Aside from issues of distribution, in many of the small countries of the region the high income levels per head can perhaps be considered more as indicators of absorptive capacity for goods and services than of productive capabilities. Hence, taking the income and popultion variables, together with such indicators as those referred to above, the Syrian Arab Republic would appear to occupy a relatively advantageous position among the countries of Western Asia insofar as the size of the domestic market is concerned.

When compared with some of the "newly-industrialized economies" (see Table I-6), a mixed impression emerges. Syria's population is substantially smaller than those of the Republic of Korea and Taiwan but considerably higher than those of Hongkong and Singapore. And while its income per head is not significantly different from that of the Republic of Korea, it lags very much

Table I-6. Syrian Arab Republic: Per Capita GNP and Population in Western Asia, 1982
(United States dollars; millions)

	Per capita GNP		Population	
	Dollars	Rank	Million	Rank
Bahrain	9280	5	0.38	12
Democratic Yemen	500	9	1.96	8
Egypt	680	8	44.32	1
Iraq	...	...	14.16	2
Jordan	1680	7	3.13	6
Kuwait	19840	3	1.56	9
Lebanon	...	...	2.64	7
Oman	5600	6	1.08	11
Qatar	21880	2	0.27	13
Saudi Arabia	15520	4	10.03	3
Syrian Arab Republic	1680	7	9.46	4
United Arab Emirates	23770	1	1.13	10
Yemen	500	9	7.47	5
For reference:				
Korea, Republic of	1770	4	39.21	1
Hongkong	5340	2	5.23	3
Singapore	5910	1	2.47	4
Taiwan	2790	3	18.26	2

Source: Organization for Economic Cooperation and Development, Development Cooperation Review, 1984.

behind the other three countries. What is important to bear in mind, however, is that such variables become less relevant - than for example the availability of a cheap, skilled and disciplined labour force and access to technology, capital and markets - for developing exports when industries are set up solely or largely with foreign markets as their objective.

With respect to manufacturing, the size of the domestic market of the Syrian Arab Republic shows wide variations from one branch to another. Taking apparent consumption as an indicator (see Table I-7), the Syrian market appears to have greater scope with respect to ISIC groups 35, 38, 31, 37 and 32 in that order. However, consumption data will not reveal the importance of an industry which exports a large portion of, or its entire, output as ISIC 32 (textile, wearing apparel and leather). In such cases, the size of output is probably more indicative.

It should also be noted that high consumption levels do not automatically mean that production can be undertaken internally; they should be interpreted mainly as indicative of such possibilities. Various constraints exist which could relate to the quantity and quality of inputs, physical and institutional infrastructure and technological requirements, that preclude the setting up of viable production units. Also, the minimum scale of output might not exist when the level of internal demand is examined at a more disaggregated level.

Table I-7. Syrian Arab Republic: Production and Apparent Consumption of Manufactures, 1983
(Million of Syrian Pounds)

ISIC	Code/Description	Production 1/	Imports	Exports	Apparent Consumption	Production-Consumption ratio (Percent)
3.	Total manufacturing	30594	11910	3046	39460	77.5
31.	Food, beverages and tobacco	5237	2684	184	7737	67.9
32.	Textile, wearing apparel & leather products	5192	361	1542	4011	129.4
33.	Wood and wood products, including furniture	1031	166	6	1191	86.6
34.	Paper and paper products, printing & publishing	300	353	4	649	46.2
35.	Chemicals and chemical products. Petroleum, coal, rubber and plastic products	11779	2558	1189	13148	89.6
36.	Non-metallic mineral products, except products of petroleum and coal	2325	125	6	2444	95.1
37.	Basic metal industries	334	1047	3	1378	24.2
38.	Fabricated metal products machinery & equipment	3479	4501	101	7879	44.2
39.	Other manufacturing industries	917	115	11	1021	89.8

Source: Syrian Arab Republic, Statistical Abstract (1984 and 1985).

1/ At current factor cost.

C. Economic Organization and Control

The extent of the involvement of each of the public and private sector in economic activity and ownership of means of production has undoubtedly important implications for the development, organization and expansion of exports of manufactures. This is because it not only reflects the prevailing socio-economic system and overall economic climate, but has also implications for the type of activities and forms open and suitable for each sector. It has also a strong bearing on the institutional and policy prerequisites that are appropriate to promote exports in view of the underlying differences in the premises that determine the overall objectives of economic and social development and the means of obtaining them, including the expansion of exports of manufactures.

The agrarian reform measures of 1958 marked the beginning of effective control of the Syrian economy by the public sector. The subsequent nationalization in the first half of the 1960s of major industrial, commercial and financial enterprises, and the institution of controls over internal and external trade deepened and confirmed the process. Simultaneously, and as the main instrument for implementing economic and social policies, the Government instituted the practice of formal planning with a series of five-year plans beginning in 1960, and of which the 1981-1985 plan constitutes the fifth in the series.

While Government control over resource allocation and current operations of the economy is predominant, the private sector has continued to play an important role in most areas of economic activity, reflecting both a deep-rooted mercantile tradition and the desire of the Syrian authorities for it to assume a more active role within the overall socio-economic philosophy in effect.

A broad indication of the extent of involvement of each of the public and private sectors in economic activity may be gained from examining some overall indicators, on which information is available, such as their relative contribution to capital formation, total trade and exports of manufactures. The structure of ownership in the manufacturing sector is considered in chapter II.

While the first and second five-year plans earmarked 26.9 per cent and 30.3 per cent, respectively, of total planned investment to the private

sector, the allocations in the subsequent plans ranged from 17.3 per cent in the third plan (1976-1980) to 20.4 per cent in the fifth (1981-1985). In terms of actual gross domestic capital formation, however, the share of the private sector appears to have been much larger than anticipated averaging 33.4 per cent, 34.1 per cent and 35.3 per cent, respectively, in the periods 1971-1975, 1976-1980 and 1981-1984. In effect, therefore, the private sector continued to play a relatively more important role than a reading of the various plan documents would suggest. The role of the private sector in the directly productive sectors of the economy should be even higher since infrastructural investment remains the exclusive domain of the public sector.

Considering foreign trade, the dominant role of the public sector is readily apparent, especially in export trade (see Table I-8). Between 1975 and 1984, the share of the private sector in total exports fluctuated between 7.3 per cent and 13.1 per cent. The private sector, however, has accounted for a significantly larger share of merchandise imports, reaching about two-fifths in 1976, and exceeding, until 1980, one-fourth of the total and since then, the private sector has lost considerable grounds with its share dropping to 11.8 per cent in 1983 and further to 8.3 per cent in 1984, as the sharp curtailment of imports cut more deeply into private imports relative to those of the public sector.

Table I-8. Syrian Arab Republic: Overall Distribution of Aggregate Trade between the Public and Private Sectors, 1975-1984
(Percentage shares)

	Exports		Imports	
	Public	Private	Public	Private
1975	89.8	10.2	72.3	27.7
1976	86.9	13.1	60.5	39.5
1977	88.1	11.9	72.1	27.9
1978	89.0	11.0	71.2	28.8
1979	91.9	8.1	72.3	27.7
1980	92.7	7.3	74.2	25.8
1981	91.2	8.8	78.6	21.4
1982	89.4	10.6	81.6	18.4
1983	89.2	10.8	88.2	11.8
1984	90.1	9.9	91.7	8.3

Source: Syrian Arab Republic, Statistical Abstract (various issues).

It is important to note, however, that the private sector appears to be more active in exporting products originating in the manufacturing sector accounting, on average, for about one-fifth of the total in the period 1980-1983 (see Table I-9). The private sector, moreover, assumes a leading role in exports of manufactured wood and wood products (99.7 per cent); paper and paper products (78 per cent); fabricated metal products, machinery and equipment (64.5 per cent); and other manufactures (69 per cent). It also occupies a significant position in most other industrial exports, with the notable exception of chemicals and petroleum products where its share is marginal.

Table I-9. Syrian Arab Republic: Share of the Private Sector in Exports by Major ISIC Groupings, 1980-1983 (Percentages)

ISIC	Major Group	1980	1981	1982	1983	1980-83 (Average)
31.	Food, beverages and tobacco	20.9	45.8	30.9	35.7	31.8
32.	Textile, wearing apparel and leather industries	28.6	38.7	42.9	32.6	35.3
33.	Wood and wood products, including furniture	99.8	100.0	100.0	98.7	99.7
34.	Paper and paper products, printing and publishing	80.7	68.4	86.3	74.1	78.0
35.	Chemicals and chemical products, petroleum, coal, rubber and plastic products	1.6	1.7	4.6	7.3	3.8
36.	Non-metallic mineral products, except products of petroleum and coal	70.6	49.2	19.8	25.5	46.9
37.	Basic metal industries	90.0	16.4	100.0	5.3	31.0
38.	Fabricated metal products, machinery and equipment	67.4	68.1	87.0	43.1	64.5
39.	Other manufacturing industries	98.9	100.0	99.1	35.6	69.0
	Total (ISIC 3)	17.5	21.0	20.2	23.4	20.6

Source: Syrian Arab Republic, Statistical Abstract (various issues).

In terms of the nature and degree of processing of products, the private sector is especially active in the export of semi-finished products, accounting for an average of 64.8 per cent in 1980-1983 (see Table I-10). Less important, though significant, is its share (20.6 per cent) in exports of finished products. The private sector, however, plays a negligible role in exports of raw materials (1.7 per cent)

Table I-10. Syrian Arab Republic, Public and Private Sectors' Export by End-Use and Nature of Product, 1980-1983 (Average percentage shares)

	End Use			Nature of Product		
	Final Consumption	Intermediate Consumption	Capital Goods	Raw Materials	Semi-Finished	Finished
Public sector	33.5	95.7	43.0	98.3	35.2	79.4
Private sector	66.5	4.3	57.0	1.7	64.8	20.6

Source: Syrian Arab Republic, Statistical Abstract (various issues).

In terms of end-use, the private sector is dominant in exports of final consumption goods, with an average share of 66.5 per cent in 1980-1983. It also plays an important role in the much smaller flow of exports of capital goods (57 per cent) but accounts for a meagre 4.3 per cent in the case of exports of intermediate products.

It is also relevant to retain that the private sector assumes an important role in the export trade of products which are relatively labour intensive involving simple technologies in contrast to public sector's involvement in more capital-intensive and technologically more sophisticated processes, such as the production of fertilizers and oil products. Moreover, while exports of manufactures by the public sector are much more important in absolute terms, compared to the private sector, the latter's exports are more evenly diffused across the various industrial branches.

It is clear from the above that the private sector, notwithstanding the socialist/public sector orientation of the economy, still plays a significant role in the Syrian economy. It is increasingly recognized, however, that this role has remained far below potential. To remedy this, indications are that the strategy of the Sixth Five-Year Development Plan (1986-1990) is envisaging a larger role for the private sector by formulating a clear investment programme for the sector, and specification of areas of investment over the long term and promoting the mixed sector.

The implications of the above for export expansion is that existing and/or new institutions and policies will have to take into account the relative roles - within the overall national socio-economic policies - of the public and private sectors in expanding exports of manufactures. An important aspect of this relates to the fact that some of the more important products in which the public sector is dominant are also products being developed for export by other countries in the region which argues in favour of close co-ordination to develop and penetrate export markets outside the region. The further development of private sector's exports will have to take into account that prevailing import-substitution industrialization strategies in potential markets, notably in the region and other developing areas, could pose obstacles to the extent that Syrian exports do not enjoy a resource-based (labour/natural resources) comparative advantage. It is also worth noting that products of some industries in which both the public and private sectors are active, notably textiles, leather and food, are considered "sensitive" products in major developed-market economies and thus face all sorts of entry barriers, requiring concerted action at the regional and developing countries level in forthcoming rounds of multilateral trade negotiations.

II. THE MANUFACTURING SECTOR: PERFORMANCE AND SELECTED FEATURES

The level, composition and growth potential of exports of manufactures and semi-manufactures are strongly influenced by the type and nature of manufacturing activity undertaken. This chapter, accordingly, deals with some of these aspects - to the extent available information and data permit - with emphasis on the respective roles of the public and private sectors and their performance characteristics.

A. Overall Growth and Structure of Manufacturing Output

1. Growth performance

Gross value added is the concept commonly used to assess growth and change in the structure of manufacturing output. The Syrian Arab Republic publishes series on the value of net domestic product and gross output in manufacturing together with production indexes 1/. The United Nations 2/, in turn, publishes data on gross value added.

In the case of the Syrian Arab Republic, both the net domestic product and the gross value added data, however, suffer from an important drawback which renders their use somewhat misleading. This is because for some important sectors (food and petroleum refining) the existence of heavy subsidization is unadjusted for in the reported statistics resulting in unduly low, and at times negative, value added returns and, consequently, in large differences between gross output and value added data 3/.

To reduce the extent of possible distortion, the performance of the manufacturing sector will therefore be assessed in terms of quantum changes as reflected by movements in the index number of industrial production (see Table II-1). Changes in structure, in turn, are examined using gross output values.

1/ See: Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract, 1985.

2/ See: United Nations, National Accounts Statistics: Main Aggregates and Detailed Tables, 1982.

3/ In recent years, the procurement prices of most commodities used by public sector manufacturing enterprises have risen rapidly while adjustment of output prices lagged behind.

Table II-1. Syrian Arab Republic: Growth and Structure of Manufacturing Output, Selected Periods
(In percentages)

ISIC Code/Description	Annual rate of change 1/							Share			
	1970-1975	1975-1980	1980-1983	1981	1982	1983	1984	1970	1975	1980	1983
3. Total manufacturing	7.7	8.0	14.8	17.0	17.9	9.4	7.9	100.0	100.0	100.0	100.0
31. Food, beverages & tobacco	7.6	5.9	20.6	5.0	46.7	16.9	2.2	36.6	29.2	24.0	17.1
32. Textile, wearing apparel & leather products	5.3	0.6	10.3	1.0	8.9	21.8	12.7	36.5	35.5	26.1	17.0
33. Wood & wood products, including furniture	5.2	4.6	5.4	18.0	1.7	-2.5	-18.0	3.8	5.7	7.4	3.4
34. Paper & paper products, printing & publishing	10.8	17.3	47.4	18.0	63.6	65.8	2.8	0.9	1.1	1.0	1.0
35. Chemicals & chemical products, petroleum, coal, rubber & plastic products	7.6	22.7	15.2	37.0	11.7		11.1	10.4	11.0	28.1	38.5
36. Non-metallic mineral products, except products of petroleum and coal	3.2	15.8	18.2	14.0	20.2	17.5	17.6	4.5	4.1	4.1	7.6
37. Basic metal industries	23.4	-1.1	8.3	33.0	-21.1	21.0	-3.1	0.9	4.4	1.5	1.1
38. Fabricated metal products, machinery & equipment	19.4	16.8	2.6	5.0	11.4	-7.3	-19.4	6.1	8.7	7.4	11.4
39. Other manufacturing industries	...	...	...	...	...	...	...	0.2	0.4	0.5	3.0
For reference: Gross domestic product at factor cost	15.1	5.3	4.3	9.9	1.3	-0.2	-2.7				

Source: Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract (various issues); and Economic Commission for Western Asia and United Nations Industrial Development Organization: Industrial Development in Syria: Prospects and Problems (October 1979).

1/ Average annual compound rates of growth computed on the basis of terminal years.

Note: Rates of change are based on production indices, the original series were partly based on 1980, 1975 and 1970 but were converted to a common base (1980=100). The contribution of the various branches to total output is based on gross output data.

Details may not add up to totals because of rounding.

The evolution of manufacturing output differed significantly between the three sub-periods depicted in Table II-1. During the first half of the 1970s, or the Third Five-Year Development Plan period, the index of manufacturing output grew at an average annual rate of 7.7 per cent, compared to 15.1 per cent for the gross domestic product (GDP) as a whole. But while performance in the manufacturing sector was maintained at about the same pace (8 per cent) during the second half of the decade, or the duration of the Fourth Five-Year Development Plan, the expansion in GDP decelerated to a mere 5.3 per cent per annum on average. Manufacturing output picked up rapidly during the first three years (1981-1983) of the Fifth Five-Year Development Plan, recording an average annual growth rate of 14.8 per cent, compared to 4.3 per cent for GDP. And while GDP stagnated in 1983 and declined by close to 3 per cent in 1984, the index of manufacturing output increased, respectively, by 9.4 per cent and 7.4 per cent. Thus, the manufacturing sector has been a leading growth sector in recent years expanding much faster than total output.

Performance in the second part of the 1970s was marked by the rapid acceleration in the growth of output of chemicals (22.7 per cent), paper and paper products (17.3 per cent), and non-metallic mineral products (15.8 per cent). Growth was somewhat slower than in the earlier period in the case of food, beverages and tobacco; wood and wood products; and fabricated metal products. It was virtually nil for textiles and clothing and turned slightly negative in the case of basic metal industries which expanded at an average annual rate of 23.4 per cent in the period 1970-1975.

With the exception of fabricated metal products, where the average annual rate of expansion dropped to a mere 2.6 per cent, performance improved markedly in the first three years of the 1980s for the remaining sectors, particularly food, beverages and tobacco; textiles, wearing apparel and leather products; paper and paper products; and basic metal industries. Chemicals led with an average rate of growth of 47.4 per cent, followed by food (20.6 per cent) and non-metallic mineral products (18.2 per cent). However, 1984 witnessed marked deceleration in output for most sectors, with the exception of the important chemicals branch, causing some decline in the overall rate of expansion from the year before.

Among the leading industrial products, fast growth has been recorded in recent years in the output of a large number of items (see Table A-1)

including: preserved foods, biscuits, macaroni, sugar, tobacco and tambac, cotton yarn, silk and cotton textiles, wool and silk carpets, fertilizers, paints, soap and detergents, shoes, cement, glass and pottery, batteries, refrigerators and washing machines, cookers and ovens, and electrical engines and transformers.

It is evident from Tables II-1 and A-1 that while growth in manufacturing output has been considerable, it has been erratic, exhibiting wide fluctuations.

2. Structure of output

The manufacturing sector in the Syrian Arab Republic has been traditionally dominated by the branches producing food and textiles which in 1970 and 1975 accounted for 73 per cent and 65 per cent of total gross manufacturing output, respectively. The contribution of chemicals and fabricated metal products was also significant, being around 10-11 per cent for each (see Table II-1).

By the end of the Fourth Plan, but especially in the early 1980s, the relative standing of the major manufacturing branches had altered drastically. The share of chemicals in total gross manufacturing output, which attained about 28 per cent in 1980, increased further to 39 per cent by 1983. At the same time, the share of food and textiles fell to 17 per cent each. Significant improvements in relative shares can also be observed in the case of non-metallic mineral products and fabricated metal products 1/. The share of the branch producing wood and wood products, which rose from 5.7 per cent in 1975 to 7.4 per cent in 1980, dropped to 3.4 per cent in 1983. Similarly, the share of the basic metal industries declined from 4.4 per cent to 1.5 per cent and then to 1.1 per cent over the same interval.

3. Factors influencing performance

The trends observed above have been largely influenced by the far-reaching

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1/ The share of paper and paper products, printing and publishing in total gross manufacturing output has remained virtually unchanged - a development which appears to be inconsistent with the rapid rise reflected in the production index of the branch.

industrialization policies which the Government embarked upon, starting mainly with the Fourth Five-Year Development Plan (1975-1980). The manufacturing sector not only obtained a significant share of the vastly increased investment allocations in both the Fourth and Fifth Plan 1/, but also became increasingly oriented towards large-scale, heavy and export-oriented industries. Basically, these included new and old resource-based production lines such as fertilizers, oil products, cotton yarn, cement, paper and a number of other chemical and engineering products 2/. Another positive element has been the liberalization measures which were introduced beginning in the early 1970s and aimed at promoting a more active private-sector participation in the industrial process.

The recent developments in the manufacturing sector have also been facilitated by the sharply increased availability of financial and foreign exchange resources made possible by the substantial transfers from neighbouring Arab countries, specially between 1974 and 1981, in the form of grants mainly, and to a lesser extent, workers' remittances; increased export earnings notably from exporting crude oil; and the availability of markets making it possible to expand exports of manufactures and semi-manufactures by some 90 per cent between 1975 and 1980, and by over 200 per cent in the following three years.

1/ The manufacturing sector was earmarked 17.5 per cent of total planned allocations of LS 54.2 billion in the Fourth Plan and 12.2 per cent of a total of LS 101.5 billion envisaged in the Fifth Plan. The allocations compare very favourably with the situation in the Third Plan where planned investments amounted to only LS 8 billion.

2/ These are essentially light engineering industries producing consumer durable goods (e.g., refrigerators and washing machines) for which the Syrian Arab Republic lacks the inputs but possesses a potentially trainable labour force and is favoured by a strategic geographical location being at the crossroad of major trade routes and close to some of the most buoyant and rapidly expanding markets in the world in recent years.

Notwithstanding the above, and despite the significant gains realized in expanding production of existing items and introducing a number of new ones, overall performance in the manufacturing sector has remained short of expectations. This is evidenced by the fact that successive development plans have included a large number of projects carried over from earlier ones. For example, projects carried over from the Third to the Fourth Plan represented about three-fourths of total allocations in the latter 1/. This is further illustrated in the Fifth Plan where virtually no new projects were envisaged with the main focus placed on completing projects carried over from the preceding plan, increasing capacity utilization of existing plants, and eliminating bottlenecks that have hindered implementation. The more visible symptoms of this situation have been delays in plant start-ups, less than optimal plant utilization rates, and inability to meet production and export targets (see Table II-2).

Project execution and shortfalls in plan implementation, and consequently the development of the manufacturing sector in the Syrian Arab Republic, have also suffered from the high degree of dependence of the manufacturing sector for its inputs on agricultural production and external financing. Both sources are subject to exogenous factors beyond the control of Syrian authorities, namely the vagaries of the weather in the case of agriculture, and political and economic conditions in the countries providing external financing 2/. At the root of the problem has been the inadequacy of manpower resources at the disposal of the public sector relative to the responsibilities

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1/ The existence of carried-over projects should not be confused with non-implementation as such projects could be at different stages of execution.

2/ Syria's external accounts have been characterized by the existence of large and growing deficits in its transactions in goods and services which were made possible with the help of Arab aid. However, concessional aid flows received by the Syrian Arab Republic from the ESCWA countries members of OPEC declined from $1655 million in 1980 to $1404 million, $839 million and $800 million in the ensuing three years, respectively. At the same time, export earnings were generally declining forcing resort to import restraints.

Table II-2. Implementation of Production and External Sales Targets in Selected Public Industrial Organizations and Companies, 1983
(LS 000'; percentages)

Organization/Company	Production			External Sales		
	Planned	Actual	Rate of Implementation	Planned	Actual	Rate of Implementation
General Organization for Food Industries	933827	830935	89	78006	24404	31
General Organization for Sugar	545035	506800	93	15289	12167	80
General Organization for Tobacco	988628	1071336	108	72653	61111	84
General Organization for Textile Industries	2263577	1734826	77	339912	363865	107
General Organization for Chemical Industries	2121499	1420166	67	290293	54138	18
General Organization for Engineering Industries	1597451	1213103	76	...	25842	...
General Organization for Cement	1199675	1162118	97	...	-	
General Company for Homs Refinery	5456511	5122504	94	535057	620468	116
General Company for Banias Refinery	6599427	4738873	72	2415856	1097416	45

Source: Syrian Arab Republic, Central Bureau of Statistics, Production and Sales of the Public Industrial Sector, 1983 (in Arabic; mimeographed; October 1984)

entrusted to it at the planning, implementation and operational levels. Related to this is the failure thus far to tap the full potential of the private sector in industrial development and exporting. These aspects are considered further in Chapter IV.

B. Exports in Manufacturing Output

Industrial development in the Syrian Arab Republic proceeded, until the early 1970s, almost exclusively along import-substitution lines. Exports developed essentially as a by-product of activities catering for the domestic market by processing agricultural raw materials, notably cotton, wool and animal and vegetable products, in which the country has a comparative advantage, the technology is simple and the processes involved are labour-intensive.

The 1970s witnessed a significant departure from earlier trends, which is continuing into the current decade. The shift is evident in the objectives of the various development plans (notably the Fourth and Fifth Plans) and finds its expression in both the size and relative importance of investment allocations for the manufacturing sector and in the emphasis on heavy or capital-intensive and export-oriented industries. It should be stressed, however, that preoccupation with import-substitution remains very strong stressing the need to achieve self-sufficiency in major foodstuffs and clothing, while moving into the production of such intermediate inputs as fertilizers, insecticides, steel billets, and glass and replacing imports of capital goods, starting with tractors and agricultural implements.

The results of these efforts and policies were beginning to show by the early 1980s with the significant addition to oil-refining, cement and textile yarn production capacities; the completion of a large phosphate and nitrogenous fertilizer plant; a steel rolling mill and a number of chemical and engineering plants. Important additions were also anticipated in the course of the Fifth Five-Year Plan in the output of glass and chinaware, refrigerators, tractors, textile yarn and fabrics, paper and leather shoes. The impact of these developments is already discernible in manufacturing output and exports and can be expected to become more pronounced in the coming few years resulting in significant changes in the relative position of major manufacturing branches, as well as in the volume and structure of exports.

Table II 3 gives the share of exports in total manufacturing output and in the output of major industrial branches for selected years. Based on this information, a number of observations can be made relating to the overall industrialization policy pursued and the influence of domestic demand on export performance.

Firstly, the inward-looking character of industrial development prevailing into the early 1970s is reflected in the low overall share of exports in manufacturing output which, though more than doubled over the preceding decade, was only about 11 per cent of the total in 1973. Moreover, it is only in two branches (food and textiles) that a significant portion of output, both in relative and absolute terms, was being exported.

Secondly, the significant improvement in the average share of manufacturing output exported after 1973, to over 17 per cent in each of 1975 and 1980, was associated with the jump in the share of output of the textile and chemicals branches exported, given the sharp decline observed in the case of food products -- another major manufacturing branch.

Thirdly, the sharp drop observed in the proportion of output exported in 1981, and its virtual stagnation in 1982 and slight decline in 1983, brought the share of output exported to virtually its level ten years earlier. This reflected mainly developments affecting chemicals, foodstuffs, textiles and fabricated metal products. The sharp rise in 1981 in the value of gross output of chemicals (155 per cent) and substantial increases in the case of foodstuffs (18 per cent), textiles (16 per cent) and fabricated metal products (14 per cent) were associated with only a 15 per cent growth in the value of exports from the chemical branch and 3 per cent in the case of textiles, while exports fell by 39 per cent and 11 per cent, respectively, for food and fabricated metal products. A drastically different picture emerges for 1982 with the value of gross output of fabricated metal products and chemicals increasing by about 145 per cent and 8 per cent, respectively, while the output of foodstuffs declining by 6 per cent and that of textiles by 9 per cent. At the same time, exports of foodstuffs and chemicals recorded increases of 41 per cent and 30 per cent respectively, whereas exports of textiles fell by 8 per cent and those of fabricated metal products by 37 per cent. In 1983 growth in the value of exports was less than that in manufacturing output resulting in a small decline, to 10 per cent in the

Table II-3. Share of Manufacturing Output Exported by Major ISIC Groupings, Selected Years (Percent)

ISIC Code/Description	Aggregate Output							1980-83 Average	Public Sector 1980-83 Average	Private Sector 1980-83 Average
	1963	1973	1975	1980	1981	1982	1983			
3. Total manufacturing	5.2	11.2	17.4	17.4	11.8	11.5	10.0	12.0	14.4	7.4
31. Food, beverages & tobacco	1.4	14.9	9.2	6.3	3.3	4.9	3.5	4.4	6.1	2.7
32. Textile, wearing apparel & leather products	54.3	13.7	35.4	25.1	22.2	22.5	29.7	25.0	28.3	20.6
33. Wood & wood products, including furniture	1.5	3.7	1.3	1.3	1.5	1.1	0.6	1.1	-	1.2
34. Paper & paper products, printing & publishing	3.6	3.6	3.9	3.3	3.9	2.6	1.3	2.5	1.2	3.9
35. Chemicals & chemical products, petroleum, coal, rubber & plastic products	3.7	1.8	9.7	29.7	13.4	16.1	10.1	15.1	15.3	10.6
36. Non-metallic mineral products, except products of petroleum and coal	3.9	3.3	1.9	2.6	1.1	0.5	0.3	0.7	0.7	0.9
37. Basic metal industries	9.1	0.9	0.2	0.8	1.7	0.3	0.9	1.0	0.7	*
38. Fabricated metal products, machinery & equipment	9.3	11.6	10.0	9.9	7.8	2.0	2.9	4.2	3.8	4.4
39. Other manufacturing industries	...	50.1	16.5	3.8	2.2	0.8	1.2	1.6	41.2	0.8

Source: For 1963: United Nations Economic Commission for Western Asia, Regional Cooperation and Trade Expansion in Western Asia (E/ECWA/DPD/WG.15/9, November 1981).

For 1973 and 1975: Economic Commission for Western Asia and United Nations Industrial Development Organization: Industrial Development in Syria: Prospects and Problems (October 1979).

For 1980-83: Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract 1984.

* The value of exports reportedly originating in this branch amounted to LS 3.78 million during 1980-83. However, no output data was reported (see: Syrian Arab Republic, Statistical Abstract, 1985).

overall share of output expected. Of the important branches, only textiles recorded an improvement in the share of output exported. For both chemicals and foodstuffs, the share declined though output behaved differently, falling slightly in the former but increasing by over 25 per cent in the latter.

These remarks should serve to stress the risks involved in drawing conclusions on the basis of a limited number of observations since in the short-term a number of factors may influence the underlying trend including fluctuations in agricultural production and the time lag between the completion of major expansions in output and finding export outlets. Domestic demand considerations may also be at work to reduce the quantities available for exports.

Fourth, the last two columns in the table bring out the larger degree of export orientation in the public manufacturing sector relative to the situation in the private sector. Thus, the former exported 14.4 per cent of its output in 1980-1983, on average, compared to 7.4 per cent for the latter. The situation is similar for most sectors except paper, wood and fabricated metal products where the private sector exported a larger share of output. Both, however, export significant portions of their productions of textiles and chemicals.

Fifth, while a stable or falling export/output ratio may reflect difficulties on the external demand side, it may also be attributed to the growth in domestic demand, especially for subsidized and/or protected products where little or no incentive exists for seeking export outlets. A similar situation arises in connection with items where the expansion in output was originally conceived to meet the needs of the domestic market. In this respect, there is no doubt that the fast growth in incomes and population, the protection afforded to domestic industry, and the explicit Government policy to accord priority for satisfying domestic consumer and industry needs, have been important factors in determining the allocation of production increments between the local and external markets.

C. Organization and Control

Modern industrial development in the Syrian Arab Republic can be traced back to the post-Second World War period, notably the 1950s, and to the efforts of the private merchant-entrepreneur. Industrial development then was marked by the establishment of modern industrial units for spinning and weaving cotton and production of cement, vegetable oils, sugar, soaps, matches and glass. Manufacturing activity was thus primarily oriented towards the processing of domestic agricultural raw materials and products to satisfy internal demand.

The role of the government during this early phase and until the end of the 1950s - when Egypt and the Syrian Arab Republic merged into the United Arab Republic - was essentially promotional and regulatory in nature, encouraging private initiative mainly through protection and credit facilities.

The situation was dramatically transformed by the nationalization measures of 1964 and 1965, as a result of which virtually the entire modern manufacturing sector fell under state control. The initial effects of these measures were, understandably, negative for manufacturing activity, setting as they did an overall climate of uncertainty among private industrialists and causing a drain on the country's scarce managerial and technical cadres, as well as a flight of private capital. The situation was compounded by the formidable task of organizing and administering the nationalized enterprises. Thus, it took almost another decade for the organizational structure of public sector manufacturing activity to emerge in its present shape, while the respective roles of the private and public sectors were being clarified. This phase of "organizational experimentation" has contributed to detract from the efficiency of the industrialization effort.

The strong hold gained by the public sector over manufacturing activity as a result of the nationalization measures of the 1960s has been deepened further by the government's policy to reserve exclusively for that sector a domain of activities deemed to be "strategic" including sugar refining, oil refining, cement production, cotton and wool spinning, fertilizer manufacturing and a variety of heavy engineering industries. The private sector, whose role is viewed as a complementary one, is permitted elsewhere, existing side by side with the public sector in several production lines, and being dominant in some others. Notwithstanding the fact that the activities

of the private sector are concentrated in light manufacturing producing consumer goods (e.g. food, clothing, shoes, plastics and light engineering industries) and are scattered over a very large number of small units 1/ (workshops engaged in artisan and handicraft type of activities), the sector makes a significant contribution to exports and output, and dominates manufacturing employment.

1. Relative importance of the public and private sectors in manufacturing activity

Table II-4 gives some overall indicators of the relative importance of the public and private sectors in manufacturing activity. The dominant role of the public sector is readily apparent with respect to all indicators except

Table II-4. Overall Indicators of the Relative Importance of the Public and Private Sector in Manufacturing Activity (1982-1983 average; percentage shares)

Indicator	Public Sector	Private Sector
Gross output	67.0	33.0
Production inputs	75.3	24.7
Gross value added	37.0	63.0
Salaries and wages	72.0	28.0
Invested capital	79.4	20.6
Employment	38.1	61.9
Exports of manufactures & semi-manufactures	78.2	21.8

Source: Syrian Arab Republic, Central Bureau of Statistics, Results of the Industrial Inquiry in the Private Sector (1982 and 1983; mimeographed in Arabic); and, Central Bureau of Statistics, Statistical Abstract, 1984.

1/ In 1983, the number of establishments in the private manufacturing sector amounted to 54818, of which 880 only employed 10 persons or more. Relatively large units are found in such branches as textile weaving, food processing and household appliances. In some of these (e.g. specially fabrics and knitwear) production by private firms exceeds that of public enterprises.

the contribution to employment and value added 1/ in which the share of the private sector averaged more than 60 per cent in 1982-1983. It is also possible that the share of salaries and wages paid in the private sector is an underestimate in view of the large number (46 per cent in 1983) of self-employed owners.

The two sectors also differ substantially with respect to the degree of processing accomplished and productivity per person employed. From Table II-5, it appears that the degree of processing performed in public

Table II-5. Productivity and Extent of Processing in Major Branches of Public and Private Manufacturing: Net Domestic Product per Employed Person and Ratio of Value Added 1/ to Gross Output, 1982-1983 Average
(LS 000'; percentages)

ISIC Code/Description	Value added/ Gross output (ratio)		Net domestic product/ person (LS 000')	
	Public Sector	Private Sector	Public Sector	Private Sector
3. Total manufacturing	14.5	35.9	31.1	23.7
31. Food, beverages & tobacco	27.7	27.4	28.6	13.5
32. Textile, wearing apparel and leather products	16.0	37.6	15.9	19.5
33. Wood and wood products, including furniture	10.9	43.7	5.8	19.5
34. Paper and paper products, printing and publishing	30.7	41.1	28.6	29.4
35. Chemicals and chemical products, petroleum, coal, rubber and plastic products	7.1	16.2	62.2	20.7
36. Non-metallic mineral products, except products of petroleum and coal	29.0	39.2	29.8	21.9
37. Basic metal industries	15.3	*	26.6	*
38. Fabricated metal products, machinery and equipment	37.1	47.6	62.0	44.9
39. Other manufacturing industries	33.3	25.8	*	75.9

Source: Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract, 1985.

1/ Net domestic product at current factor cost.

* No figures were reported.

1/ The contribution of the public sector to value added is likely to have been significantly understated (see Section A-1 above).

manufacturing activity is significantly lower than that prevailing in private sector manufacturing, reflecting perhaps the fact that activities in the former are geared largely towards producing intermediate and semi-finished products, while the latter is primarily engaged in producing final and consumer goods. The higher average productivity in the public sector reflects the larger scale of production and its more capital-intensive nature in general.

The relative importance of each of the public and private sectors in terms of their contribution to total manufacturing output and major industrial branches is shown in Table II-6 in terms of both gross ouput and value added (net) for the years 1970, 1975 and 1980-1983 (average). While value added may be a more appropriate measure, since it reflects actual additions to output and income generated, the gross output concept has its own merit in that it depicts the volume of total operations and turnover and is a variable which could be used in connection with exports and for assessing the extent of processing involved. In the present case, moreover, the value added concept could produce significant distortions in the relative shares of the two sectors. This is because of the existence of price controls and subsidies which weigh heavily in the case of some industrial activities (notably food and refined oil products) resulting in unduly large differences between gross output and value added and, in some cases, negative value added.

The public sector accounted, on average, for two-thirds of total gross manufacturing output in the period 1980-1983; the balance originating in private sector manufacturing activity. The public sector assumes a dominant position in the case of basic metal industries (100 per cent) and chemicals and petroleum products (95 per cent). It has a leading position in the manufacture of non-metallic mineral products (61 per cent) and textiles (57 per cent) and occupies an important place with respect to food (49 per cent) and fabricated metal products (39 per cent). In contrast, the private sector is dominant in the wood products branch (95 per cent) and contributes about equally to gross output in the manufacture of paper and food products.

The public sector's share in total gross manufacturing output, which remained stable at around 65 per cent of the total in the period 1966-1970, fluctuated between 53 per cent and 61 per cent in the decade which followed and rose again in the early 1980s. These trends have been shaped by a diversity of factors including the active encouragement by the Government of

Table II-6. Structure of Ownership of Manufacturing Output, Selected Years

(Percentage shares) 1/

ISIC Code/Description	Gross Output						Value Added (Net)					
	Public Sector			Private Sector			Public Sector			Private Sector		
	1970	1975	1980-83 Average	1970	1975	1980-83 Average	1970	1975	1980-83 Average	1970	1975	1980-83 Average
31 Food, beverages & tobacco	59.6	53.1	48.9	40.4	46.9	51.1	61.1	-850.0	64.3	38.9	950.0	35.7
32 Textile, wearing apparel & leather industries	74.4	58.3	57.2	25.6	41.7	42.8	62.6	58.8	43.0	37.4	41.2	57.0
33 Wood products, including furniture	10.2	6.8	5.5	89.8	93.2	94.5	64.7	4.6	1.4	35.3	95.4	98.6
34 Paper & paper products, printing & publishing	15.0	19.3	49.7	85.0	80.7	50.3	13.8	-8.2	37.3	86.2	108.2	62.7
35 Chemicals & chemical, petroleum, coal, rubber & plastic products	86.6	77.8	94.6	13.4	22.2	5.4	84.3	61.2	76.6	15.7	38.8	23.4
36 Non-metallic mineral products, except products of petroleum & coal	69.6	60.1	60.6	30.4	39.9	39.4	66.7	53.9	52.1	33.3	46.1	47.9
37 Basic metal industries	-	47.6	100.0	100.0	52.4	-	-	21.8	100.0	100.0	78.2	-
38 Fabricated metal products, machinery & equipment	36.0	45.2	39.4	64.6	54.8	60.6	32.5	46.1	34.4	67.5	53.9	65.6
39 Other manufacturing industries	-	-	0.9	100.0	100.0	99.1	-	-	0.7	100.0	100.0	99.3
Total manufacturing	63.9	53.8	66.4	36.1	46.2	33.6	56.5	35.8	47.8	43.5	64.2	53.7

Source: For 1970 and 1975: Economic Commission for Western Asia and United Nations Industrial Development Organization: Industrial Development in Syria: Prospects and Problems (October 1979).

For 1980-1983: Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract (1984 and 1985).

1/ Computed from data at current prices.

the private sector through a series of liberalization measures which began in the early 1970s; the faltering in the implementation of industrial development plans during that period; and, the coming into operation of several major industrial ventures such as oil refining, fertilizers and cement in the early 1980s.

In terms of value added, and notwithstanding the possibility of distortion referred to above, the distribution between the public and private sectors appears to be more even, with the former being dominant in basic metal industries, chemicals, foodstuffs and non-metallic mineral products, and the latter in textiles, wood and paper products and fabricated metal products. The improved position of the private sector in terms of its contribution to value added relative to gross output may be, in part, associated with a greater degree of processing it performs because of its overall orientation towards producing final and consumer goods.

At a more disaggregated level, the public sector accounts for the entire production of a large number of items 1/ including vegetable oils, sugar, peanuts, tobacco and tambac, cotton and woolen yarn, woolen cloth, nylon industrial threads, woolen carpets, ginned cotton, medical paper, matches, plastic shoes, cement, iron bars, metal pipes, pressure cookers, electric transformers and engines, television sets, dry batteries, cables and refined oil products. It is also dominant in the manufacture of canned foodstuffs, margarine, underwear, soaps, detergents, rubber shoes, glass and pottery products, refrigerators and liquid batteries. The private sector, in turn, is dominant or active in the production of a number of food items (olive oil, apricot paste, macaroni and chocolate); textile and wearing apparel (cotton, nylon, tergal and silk fabrics); cotton and silk blankets and bedsheets; silk carpets; towels; knitwear and stockings; silk underwear; washing machines; and gas cookers. It is also active, though in varying degrees, in food canning and the production of margarine, biscuits, tanned hides, paints, soap, detergents, rubber shoes, glass, refrigerators and liquid batteries.

Thus, the public sector would seem to concentrate on heavy and capital-intensive (chemical and engineering) export-oriented and intermediate product

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1/ Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract 1984.

industries, as well as items of mass consumption such as sugar, canned food and shoes. The private sector, on the other hand, is concerned basically with light and labour-intensive consumer industries catering essentially to domestic needs. The sector is also involved in some assembly-type activities such as washing machines and refrigerators.

2. Overall management and organization

The pace and shape of industrial development in the Syrian Arab Republic find expression in the five-year development plans in terms of objectives, guidelines, policies and projects. While these plans are specific and binding in the case of the public sector, they are indicative for the private sector. There is basically nothing wrong in such an approach in a predominantly socialist economy except perhaps that the five-year perspective provides too short a horizon for the private sector to participate effectively and realize its potential. Long-term policy guidelines (e.g. 15-25 years) that spell out areas for private sector involvement such as consumer durables and/or assembly-type activities catering to both domestic and export markets are likely to be more effective. As a corollary, the reversal of measures could have long-term adverse effects on the state of confidence and expectations.

The various plan documents have also generally failed to give adequate attention to the question of exports beyond the expression of overall growth targets and policy guidelines, and occasionally specific industries export targets. However, a successful export drive would require that the external sector be given a similar treatment, if not a distinctive one, to other sectors by making it the focus of separate and detailed treatment in the plan.

Plan implementation has also faced problems and bottlenecks as reflected by the disproportionate number of project carry-over. While specific difficulties could have affected implementation, during different plan cycles, some issues have been common. First, there is the shortage of planning expertise at various levels (State Planning Commission, Ministry of Industry and functional General Organizations) in relation to the magnitude and complexity of the tasks involved. Second, and related to the preceding point, is the tendency to propose too many projects, including several ones hastily conceived, which taxes the limited resources for screening leading to the inclusion of projects which otherwise would have not. Third, and this is

essentially an exogenous factor, but for which some adjustment is possible, the state of implementation has been adversely affected by fluctuations in the volume of external financing that has been forthcoming implying that expectations at the planning stage were sometimes over-optimistic.

In 1975, public manufacturing enterprises were reorganized, for the third time, under six functional general organizations attached to the Ministry of Industry and covering food processing (General Organization for Food Industries); sugar (General Organization for Sugar); textiles (General Organization for Textile Industries); cement (General Organization for Cement); chemicals (General Organization for Chemical Industries); and engineering (General Organization for Engineering Industries). These organizations superseded the three "Unions" (food processing, textiles, and engineering and chemicals) which administered the nationalized enterprises since March 1968. The "Unions", in turn, were preceded by the General Organizaiton of the Public Industrial Sector which was in control since July 1965. In addition, a number of industrial activities continue to be administered separately, including tobacco, cotton ginning, flour milling, manufacture of tractors, oil refining, asphalt and oils.

The activities and operations of the General Organizations are reviewed in greater detail in a separate Supplement to the study. Accordingly, the rest of this section will look into some of the features of the present organizational set up that would seem to detract from the operational efficiency of existing enterprises, as well as the execution of new projects, including:

- The large number of units (companies/establishments) under the control of each General Organization requiring detailed knowledge, expertise and attention, which are not always available or possible. In part, the solution to this issue may be sought by pursuing further the trend towards establishing additional functional entities the rationale of which could reside in such considerations as the size of operations, technological and capital requirements and degree of export orientation. The process is likely to be more efficient if it takes place at the planning stage rather than be left to emerge subsequently under pressure. Also, given the wildly different requirements involved in the supervision of existing projects as compared to

conceiving and implementing new ones, there appears to be great merit in having these issues handled by separate units within each General Organization. Equally important from the perspective of this study is the need to have a specialized unit to attend to the various issues connected with developing and promoting exports at the level of the General Organization as a whole.

- Difficulty, because of their greater susceptibility to political considerations, of reconciling inherent conflicts among the various objectives the General Organization are called upon to pursue (such as expansion of output and employment, supplying goods to domestic users at stable and or subsidized prices and the expansion of exports). It should be stressed, however, that the pursuit of export objectives should not be constrained, if it is to succeed, by non-economic considerations.

- Limited staff and inadequate expertise and time. Managerial and administrative capabilities have tended to fall considerably short of the requirements for ensuring the efficient operation of existing enterprises and the identification, preparation and implementation of new projects. This has generally been reflected in a greater concern on the part of the organizations with the physical aspects (construction of plants) relative to economic ones (such as market needs, cost efficiency and profitability). The situation has been exacerbated by the fact that General Organizations are powerful entities, exercising in practice considerable influence in initiating projects, and the difficulties of enforcing accountability.

- Concentration of decision-making power in the hands of the general managers. This may have limited the autonomy of unit managers and acted as a source of delay without necessarily producing a positive impact or resulting in the provision of technical assistance. Moreover, the situation has tended to obscure the extent of the units accountability. Thus, there is a strong case for granting unit/enterprise managers greater autonomy in their operations while ensuring accountability against a set of well-defined performance targets.

- Inadequate staff motivation and incentives, affecting not only top and middle management but also workers, relative to conditions prevailing notably in the private sector but also those governing public sector employment elsewhere. The persistence of such discrepancies can only contribute to greater complacency and staff turnover. Accordingly, incentives limited to achieving well-defined targets become essential. Such incentives are specially needed to surmount the obstacles inherent in export operations by enlisting and retaining qualified staff. While material incentives are very important, other incentives could also be attractive including study leaves and training tours abroad.

III EXPORTS OF MANUFACTURES AND SEMI-MANUFACTURES: PRODUCT COMPOSITION AND GEOGRAPHICAL DISTRIBUTION

This chapter examines, essentially from a statistical point of view, the evolution of the structure and geographical distribution of Syria's exports of manufactures and semi-manufactures. The analysis is based on detailed information relating to the years 1975, 1979 and 1983. While statistical convenience, i.e. availability of computerized trade data, was a major factor in the choice of the time horizon, the selection is also economically and analytically justifiable. The year 1975 is well situated for purposes of comparison. It depicts the initial situation which emerged in the wake of the first major rise in oil prices and marks the terminal year of the third Five-year Development Plan and the makings of the Fourth Plan which laid considerable emphasis on industrial development including some heavy and export-oriented industries. The year 1979 is close to the completion of the Fourth Plan and thus allows for sufficient time to assess the impact of earlier policies as well as regional and international developments on exports of manufactures and semi-manufactures. Similarly, 1983 should reflect both the impact on exports of the coming on stream of several important manufacturing projects and the influence of the slow growth or stagnation in regional and world trade that has characterized the early 1980s.

A. Product and Product-group Analysis of Exports of Manufactures and Semi-manufactures

While Syria's total exports more than doubled between 1975 and 1983, rising from $930 million to $1,923 million, those of manufactures and semi-manufactures increased by about five-fold, from $103 million to $593 over the same interval (see Table III-1). As a result, the share of manufactures and semi-manufactures in the total rose from 11.1 per cent to 30.8 per cent, with primary commodities accounting for the balance.

Table III-1. Syrian Arab Republic: Manufactures and Semi-manufactures in Total Exports
1975, 1979 and 1983

	Values ($000)			Indices (1975=100)			Percentage shares		
	1975	1979	1983	1975	1979	1983	1975	1979	1983
Total exports	929976	1645104	1922939	100.0	176.9	206.8	100.0	100.0	100.0
Primary	827162	1448310	1328474	100.0	175.1	160.6	88.9	88.0	69.1
Semi-manufactures	25933	41189	148206	100.0	158.8	571.5	2.8	2.5	7.7
Manufactures	76975	154712	444944	100.0	200.1	578.0	8.3	9.4	23.1
Total manufactures & semi-manufactures	102908	195901	593150	100.0	190.4	576.4	11.1	11.9	30.8

Source: Economic Commission for Western Asia, computations based on national and international sources.

A number of features relating to these overall developments may be noted. First, three-fourths of the increment in exports of manufactures and semi-manufactures consisted of manufactured goods whose share in total exports reached 23.1 per cent in 1983, compared to 7.7 per cent for semi-manufactures. Second, virtually the entire change in favour of manufactures and semi-manufactures appears to have taken place after 1979 as the overall structure of exports in that year was not significantly different from that prevailing in 1975. Third, and this is very important, the rapid growth in exports of manufactures and semi-manufactures occurred against a background of a sluggish world economy and trade and a decline in Syria's exports of primary commodities. Fourth, the sharp increase recorded between 1979 and 1983 reflected the jump in the value of exports to developing countries outside the ESCWA region, to the European Economic Community (EEC)

and to the members of the Council for Mutual Economic Assistance (CMEA), with few countries in these groupings, however, accounting for the bulk of trade. Fifth, the expansion in exports of manufactures and semi-manufactures seems to have been concentrated in a rather limited range of products and product groups, as discussed below.

The Syrian Arab Republic has been exporting a fairly large number of manufactured and semi-manufactured items - close to 520 in each of 1975 and 1979, and 450 in 1983 1/, based on SITC (Rev.1) 4- and 5-digit classification nomenclature. This is an indication of the relatively diversified nature and potential of its industrial exports.

To reduce the number of export items to manageable proportions for purposes of analysis, Table A-2 has been constructed to show the value and relative importance of exports of manufactures and semi-manufactures at the SITC Section (1 digit) and Group (3 digits) levels, as well as for leading export items at the SITC 4- and 5-digit levels, for each of the three years under consideration. Table III-2 provides a summary picture of the importance and development of major product categories of manufactures and semi-manufactures.

A close examination of Table A-2 reveals a number of features peculiar to Syria's exports of manufactures and semi-manufactures. First, out of the 150 items listed in that Table for 1983 (including possibly a number of re-exported products such as aircraft engines and aircraft parts), 41 items exceeded the value of $ one million each, accounting altogether for $571.8 million or 96.4 per cent of the total value of exports of manufactures and semi-manufactures in that year. The average export value of each of the remaining 109 items was only about $196,000. Moreover, of the leading export

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1/ The apparently lower number of items exported in 1983 may be explained by the fact that the data for that year were originally reported according to SITC (Rev.2), while for the other two years the data were available according to SITC (Rev.1) resulting in some loss of detail when reconciling the 1983 data with those of earlier years.

Table III-2. Syrian Arab Republic: Exports of Manufactures and Semi-manufactures by Major SITC (Rev.1) Sections, 1975, 1979 and 1983

SITC Code	Description	Thousand dollars			Per cent of total			Index (1975=100)	
		1975	1979	1983	1975	1979	1983	1979	1983
0	Food	6363	15163	17404	6.2	7.7	2.9	238	273
1	Beverages & tobacco	11971	2855	13960	11.7	1.5	2.4	24	117
2	Crude materials, inedible, except fuels	440	336	78	0.4	0.2	-	76	18
3	Mineral fuels, lubricants & related materials	11507	53154	270961	10.9	27.2	45.8	462	2355
5	Chemicals	2167	4473	29505	2.1	2.3	5.0	206	1362
6	Manufactured goods classified chiefly by material	36086	60324	171184	35.2	30.9	28.9	167	474
7	Machinery & transport equipment	9530	22451	20891	9.3	11.5	3.5	236	219
8	Miscellaneous manufactured articles	24509	36416	67949	23.9	18.7	11.5	149	277
0-9	Total	102908	195901	593150	100.0	100.0	100.0	190	576

Source and footnotes: See Table A-2.

items, 12 had a value exceeding $10 million each 1/, five had a value between $5-10 million 2/, and the rest fell below the $5 million mark in 1983. This shows that Syria's exports of manufactures and semi-manufactures cover a large variety of products, including a significant number with relatively large export values; the rest being, generally, exported in small amounts.

Second, in addition to the products exported in large quantities, the presence of a relatively large number of smaller items 3/ that have been exported on a continuous basis and/or whose values have been rising over time tend to confirm the existence of relatively well-established external markets for such products.

1/ These were: cigarettes ($12.42 million); motor spirits ($25.79 million); residual fuel oils ($238.96 million); perfumery and cosmetic products ($17.18 million); grey cotton fabrics in bulk ($40.73 million); bleached cotton fabrics ($40.56 million); fabrics woven of discontinuous synthetic fibre ($21.88 million); fabrics woven of continuous synthetic fibre ($14.25 million); fabrics woven of discontinuous degenerated fibre ($12.46 million); linen and other furnishing articles of textile fabrics ($11.66 million); undergarments, knitted or crocheted ($20.18 million); and outergarments, knitted or crocheted ($17.02 million).

2/ These were: jams, marmalades, fruit jellies, etc. ($9.05 million); other textile products ($8.94 million); aircraft engines ($7.22 million); men's and boys' outergarments, not knitted or crocheted ($5.79 million); and corsets, suspenders, garters, etc. ($9.60 million).

3/ Among these items, mention may be made of: jams, marmalades, fruit jellies, etc.; dehydrated vegetables; preserved vegetables; sugar confectionery; bottled water; petroleum coke; varnishes, polishes, soaps; leather; grey woven cotton; woven fabrics of continuous synthetic fibre; knitted fabrics; trimmings, tulle and embroidery; carpets and rugs; blown glass; domestic utensils of metal; switchgear; motor vehicle bodies; clothing and other apparel items; footwear; and fountain pens, pencils and crayons.

Third, the observed fluctuations in the export value of several items may be indicative of the presence of unstable, and therefore, unreliable external markets and/or domestic constraints (originating both on the supply and demand side) rendering it difficult or impossible to assess export prospects. On the external side, political relations may be an important factor while, domestically, one has to reckon with such factors as the influence of weather conditions on the availability of agricultural inputs, expansion in domestic demand, or the fact that production is in the first place aimed at the domestic market and that, accordingly, exports reflect the availability of a variable surplus over time. Similar reasoning is generally applicable to those items exported in very small quantities.

Fourth, it appears also that the Syrian Arab Republic has succeeded in introducing a number of completely new export items, including nitrogenous and phosphatic fertilizers, washing machines and refrigerators. At the same time, it has managed to expand significantly, from a very small or negligible base, its exports of several items such as varnishes and polishing preparations; soaps; embroidered and made-up canvas articles; domestic stoves; mattresses; corsets, suspenders and garters; plastic articles; and fountain pens and pencils.

Fifth, available partial information shows that for many of the more important items, the relatively high export levels attained in 1983 could not be maintained in 1984, where sharp cutbacks were recorded, and that in the case of only few products did export values rise significantly or maintain their previous level. For example, the value of exports of motor spirits (SITC 3321) dropped from $25.8 million to $4.2 million; grey cotton yarn (SITC 6513) from $40.7 million to $6.2 million; bleached cotton fabrics (SITC 65229) from $40.6 million to $4.5 million; fabrics woven of continuous and discontinuous degenerated fibre (SITC 66536) from $26.7 million to $17.5 million; linens and other furnishing articles of textile fabrics (SITC 65691) from $11.7 million to $2.9 million; carpets and rugs (SITC 6575) from $8.9 million to $0.1 million; men's and boys' outergarments (SITC 84111) from $5.8 million to $0.6 million; women's and girls' outergarments (SITC 84112) from $3.1 million to $1.2 million; shawls and scarves (SITC 84122) from $3.7 million to $1.8 million; corsets, garters, etc. (841.25) from $9.6 million

to $5.9 million; soap (SITC 5541) from $3.3 million to nil, phosphatic fertilizers (SITC 5612) from $2.4 million to $0.05 million; dried figs (SITC 05202) from $2.5 million to $0.3 million; cigarettes (SITC 1222) from $12.4 million to $5.5 million; and water (SITC 11101) from $1.5 million to $0.5 million.

In contrast, the items which recorded significant increases in exports were not that many. They include perfumery and cosmetic products (SITC 5530) which rose from $17.2 million to $36.6 million; leather of goats and kid skins (SITC 61192) from $1.3 million to $6.2 million; fabrics of discontinuous synthetic fibre (SITC 65352) from $21.9 million to $25.9 million; lamp oil and kerosene (SITC 3322) from $3.9 million to $8.4 million; and petroleum coke (SITC 33294) from $2.2 million to $6.1 million.

Among the items where the value of exports did not show a great deal of change between 1983 and 1984 mention may be made of residual fuel oils (SITC 3324), preserved fruits (SITC 0533) and varnishes (SITC 53332).

Having made the above general observations, the ensuing discussion will focus on developments in the main product groups and leading export items.

An examination of Table III-2 and Appendix Table A-2 reveals significant shifts in the composition of Syria's exports of manufactures and semi-manufactures since the mid-1970s which became more pronounced in the early 1980s. Manufactured goods classified chiefly by material (Section 6) and miscellaneous manufactured articles (Section 8) dominated exports in 1975, followed at a distance by beverages and tobacco (SITC Section 1), mineral fuels (SITC Section 3) and food (SITC Section 0) 1/ accounting, respectively, for about 35 per cent, 24 per cent, 12 per cent, 11 per cent and 6 per cent of the total. By 1979, exports of petroleum products had risen to rank second with a share of over 27 per cent that rose subsequently to attain close to 46 per cent by 1983, rendering them the leading export category. Simultaneously,

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1/ Machinery and transport equipment (SITC Section 7), whose contribution exceeded that of food, is excluded from the comparison because some of the more important items included under it are likely to be re-exports and not goods produced by the Syrian Arab Republic itself.

the share of chemicals (SITC Section 5) more than doubled between 1979 and 1983 to account for 5 per cent of total exports of manufactures and semi-manufactures.

These shifts occurred largely at the expense of food, beverages and tobacco the exports which recorded relatively small increases in value. In contrast, the retreat in the share of exports of manufactured goods classified chiefly by material and that of miscellaneous manufactured articles occurred against very large leaps in the value of their exports, particularly in the first group.

Food (Section 0)

Total exports included in this section increased by over 170 per cent between 1975 and 1983. The bulk of this increase, however, had occurred by 1979 and could be attributed largely to the expansion in exports of preserved fruits and vegetables, sugar confectionery and, to a lesser extent, cereal preparations and dried fruits. The loss in export momentum manifested by 1983 reflected mainly lower exports of sugar confectionery, preserved vegetables and the virtual cessation of exports of cereal preparations (pastry, biscuits, etc.).

Syria's ability to export foodstuffs has been helped by the availability of relatively cheap domestic inputs, the fact that the industrial branch has been developed at an early stage of the country's industrialization, and access to a buoyant regional market (notably in Jordan, Kuwait, Lebanon and Saudi Arabia), the Sudanese market and some non-Arab markets (U.S.S.R. and the Federal Republic of Germany).

Beverages and tobacco (Section 1)

Exports under this section were only 17 per cent higher in 1983, compared to 1975, and consisted of cigarettes and mineral waters. Cigarettes made up 98 per cent of the section's exports in 1975 and 89 per cent in 1983; they were nil in 1979. Available information shows that in 1983, the U.S.S.R. took 90 per cent of Syria's exports of cigarettes. In contrast, exports of mineral waters expanded by more than twelve times to $2.27 million in 1979 but then

fell to $1.54 million in 1983. Their market has been the neighbouring countries in the region, notably Saudi Arabia and to a much smaller extent Kuwait and Jordan. These and other countries in the region have been developing their own mineral water industries which could have adverse implications for Syria's future exports.

Mineral fuels, lubricants and related items (Section 3)

Exports under this section consist entirely of petroleum products. They are dominated by residual fuel oils, the value of which rose very sharply after 1979 to attain $239 million in 1983, or 88 per cent of the total. Motor spirits grew from virtually nothing to $26 million in 1983, whereas exports of lamp oil (kerosene, etc.) experienced sharp fluctuations. The bulk of exports has gone to countries in Western Europe, though significant quantities were exported to Singapore and Lebanon in 1983.

These developments follow the major expansions in refining capacity effected in the early 1980s. Their longer-term impact, however, must be assessed in the light of developments in domestic and overall world demand situation for oil and oil products.

Chemicals (Section 5)

Chemicals have been the fastest growing export category in recent years, rising from $4.47 million in 1979 to $29.51 million in 1983. This has been made possible through both the expansion in the sale of items originally exported in small or marginal quantities (e.g. perfumery and cosmetics, varnishes and paints) and the introduction of new items (e.g. fertilizers and soaps).

Perfumery and cosmetic poroducts rose from $0.32 million in 1979 to $17.18 million in 1983, or 58 per cent of all chemicals' exports. Virtually the entire increment went to the U.S.S.R., Syria's traditional market for these items. Impressive increases were also recorded in the case of varnishes and paints the exports of which rose from $0.46 million to $4.32 million over the same period; and in soaps (from $0.19 million to $3.28 million). The U.S.S.R. absorbed the entire volume of exports in the first instance, and Iran did almost the same in the case of soaps.

Among the new items appearing on the export list, fertilizers are perhaps the most important and promising ones. While export returns achieved in 1983 are still modest, they were achieved immediately in the wake of plant completion in the early 1980s.

Manufactured goods classified chiefly by material (Section 6)

This product group, comprising essentially semi-manufactured items (84 per cent in 1983), assumes special significance in Syria's exports of manufactures and semi-manufactures, both in terms of its contribution to exports and the number of items involved. Moreover, these exports have maintained a very rapid overall rate of growth, rising from $36.1 million in 1975 to $60.3 million in 1979 before jumping to $171,2 million in 1983. In large part, this was made possible by the expansion in production capacities effected during the fourth and fifth five-year development plans, the availability of export outlets, and the fact that the leading export products utilize domestic raw materials (e.g. cotton) and are manufactured by industries with established traditions and long experience.

The U.S.S.R. has provided a major and growing market for Syria's exports in this product category (41 per cent in 1983). Also, countries in the region, especially Saudi Arabia and Jordan, have also been important customers (absorbing some 5 per cent of exports in 1983). However, the most significant market development has been the emergence of Iran in 1983 as the largest importer with a value of $88.2 million, or 51.4 per cent of the total. It is important to note, however, that despite Syria's comparative advantage in many of the items exported under this category, these face restrictions in the markets of the developed countries where imports from developing countries have been regulated by the "Arrangement Regarding International Trade in Textiles", better known as the "Multifibre Arrangement" (MFA) to which the Syrian Arab Republic is not a party. Furthermore, under the Generalized System of Preferences (GSP) many of the items concerned are considered as "sensitive" imports in the major developed countries.

Textile yarn, fabrics, made-up articles and related products (SITC 65) dominate exports in this section, accounting for some 94 per cent of the total in 1983. Their value grew from $30.96 million in 1975 to $161.68 million in 1983. In terms of 1983 recorded values, the leading exports were: woven

textile fabrics other than cotton ($52.95 million); woven cotton fabrics ($43.74 million); textile yarn and thread ($40.75 million); made-up articles, wholly or chiefly of textile material ($12.72 million); floor coverings and tapestries ($8.93 million); and tulle, lace, embroidery, ribbons, etc. ($2.51 million). All these products exhibited very rapid rates of expansion between 1975 and 1983, ranging from 143 per cent for made-up textile articles, to 567 per cent for non-cotton woven textile fabrics.

With respect to most remaining items, the growth momentum achieved by 1979 could not be maintained with exports being significantly lower in 1983. Thus, exports of leather and leather manufactures the value of which increased from $0.39 million in 1975 to $2.55 million in 1979 were only $1.44 million in 1983. The value of exports of wood manufactures in 1983 was not much different from that of eight years earlier having in the interval risen sharply. Similarly, mineral manufactures (articles of cement and concrete) which attained $2.55 million in 1979 amounted to a mere $0.22 million in 1983, despite the sharp increase which took place in cement production capacity and output. And while exports of glass followed an upward trend, those of glassware fluctuated falling in 1983 below their 1975 level.

Exports of metal manufactures (SITC 69) increased from $1.97 million in 1975 to $6.06 million in 1979 and then fell to $3.66 million in 1983. The most important articles exported under this heading have been household equipment of base metals, notably of copper ($3.19 million), tools for use in hand or in machines ($0.20 million); and metal containers for storage and transport ($0.17 million).

Machinery and transport equipment (Section 7)

To a large extent, exports under this section are not likely to be of Syrian origin (such as aircraft engines and aircraft parts; telecommunications apparatus; textile machinery; excavating, mineral crushing, boring, lifting and sorting machinery; and motor vehicles) but rather to consist of re-exports. As far as aircraft engines and parts, these are likely to have been recorded as exports upon being sent to the countries of origin for overhaul and repair purposes.

B. Destination of Exports of Manufactures and Semi-manufactures

The review of exports of manufactures and semi-manufactures in Section A above included only a brief and selective reference to the principal markets to which these exports have gone. A more detailed geographical breakdown of overall exports of manufactures and semi-manufactures for 1975, 1979 and 1983 is shown in Appendix Table A-3, a summary of which showing the major market areas is provided in Table III-3.

Table III-3. Syrian Arab Republic: Destination of Exports of Manufactures and Semi-manufactures by Major Areas 1975, 1979 and 1983

Destination	Thousand dollars			Per cent of Total			Index (75=100)	
	1975	1979	1983	1975	1979	1983	1979	1983
ESCWA region	40176	93416	57557	39.0	47.7	9.7	232	143
Other developing regions	8772	12385	173702	8.5	6.3	29.3	141	1980
of which:								
Asia	4397	4880	151618	4.3	2.5	25.6	111	3448
Africa	4335	7437	22059	4.2	3.8	3.7	172	509
of which:North Africa	4279	7339	7041	4.2	3.7	1.2	172	164
America	40	68	25	-	-	-	170	62
EEC	12398	40544	191077	12.0	20.7	32.2	327	1541
EFTA	984	1296	614	1.0	0.7	0.1	132	62
CMEA (European)	28052	27189	156462	27.3	13.9	26.4	97	558
United States of America	187	856	320	0.2	0.4	0.1	458	171
Japan	7	36	19	-	-	-	514	271
China	12330	20093	13260	12.0	10.3	2.2	163	108
Rest of the world								
Total	102908	195901	593150	100.0	100.0	100.0	190	576

For source and footnotes: see Appendix Table A-3.

These Tables reveal that in both 1975 and 1979 the ESCWA region constituted by far the largest market for Syria's exports of manufactured and semi-manufactured goods, absorbing about 39 per cent and 48 per cent of the total, respectively. This share, however, fell below 10 per cent in 1983 on account of a decline in the absolute level of exports destined to this region, and a very sharp rise in exports going to developing countries in other regions, the European Economic Community (EEC) and countries members of the Council for Mutual Economic Assistance (CMEA).

The drop in the value of exports to the region recorded in 1983 was associated with a cessation of exports to Iraq which took in 1979 some $31.2 million worth of goods, or 8.18 per cent of all Syrian exports of manufactures and semi-manufactures in that year; the fall in exports to Saudi Arabia (by $11.5 million), Jordan (by $6.6 million) and by lesser amounts to the remaining ESCWA countries except Lebanon where exports rose from $3.5 million in 1979 to more than $20 million in 1983.

As a result mainly of an upsurge in exports of mineral fuels, especially residual fuel oils, to Italy 1/ (from $3.2 million to $122 million) and France (from $7.3 million to $48.3 million), the EEC moved from second position in 1979 to become the largest importer of Syrian manufactures and semi-manufactures in 1983, absorbing some 32 per cent of the total.

The markets of developing countries outside the ESCWA region overtook in relative importance those of the CMEA. In 1983, the Syrian Arab Republic exported to other developing regions some $173.7 million worth of manufactured and semi-manufactured goods, raising their share in the total to 29.3 per cent, compared to only 6.3 per cent in 1979. Over 87 per cent of the increment went to developing countries in Asia, reflecting largely the emergence of Iran as a leading market with about $102 million, and to a lesser extent Singapore which took over $23 million of Syrian manufactures and semi-manufactures in 1983.

Developing countries in Africa also increased their imports of Syrian manufactures and semi-manufactures from $7.4 million to $22.1 million between

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1/ Syria's exports to Italy virtually consist of residual fuel oils (SITC 332.4).

1979 and 1983. The additional exports went to non-Arab African countries, notably as exports to the North-African countries were hardly changed, even recording a small decline.

The European CMEA countries, and especially the U.S.S.R., have traditionally absorbed a large portion of Syrian exports. In 1983, they took over 26 per cent, with the U.S.S.R. alone accounting for $152.7 million of a total $156.5 million worth of goods destined to the group.

Two further observations are worth making with respect to the overall geographical distribution of exports. First, it appears that the Syrian Arab Republic has been exporting negligible amounts to the important markets of the United States and Japan, as well as to other smaller but buoyant markets in Western Europe. Also, hardly any exports went to the large Chinese market in the years under exmination. Second, exports are highly concentrated on a few countries. In 1983 1/ about 84 per cent of all Syrian exports of manufactures and semi-manufactures were absorbed by eight countries, namely, U.S.S.R. (25.8 per cent), Italy (20.8 per cent), France (8.1 per cent), Iran (17.2 per cent), Saudi Arabia (4 per cent), Singapore (3.9 per cent), Lebanon (3.4 per cent), and Jordan (1.6 per cent). Excluding fuels, the share of the U.S.S.R. rises to 47.4 per cent, Saudi Arabia to 7.3 per cent, and Jordan to 2.9 per cent.

The geographical distribution of Syrian exports of manufactures and semi-manufactures by major product groups and products is presented in Table A-4 and III-4.

In 1983, the countries of the ESCWA region, notably Saudi Arabia, Jordan and Kuwait 2/, absorbed over two-fifths of Syria's exports of food products,

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1/ A similar though less pronounced concentration can be observed for 1979 with the following countries absorbing 76 per cent of exports: Saudi Arabia (17.9 per cent), Iraq (15.9 per cent), Fed. Rep. of Germany (11.6 per cent),U.S.S.R. (10.7 per cent), Jordan (8.2 per cent), France (3.7 per cent), Romania (2.9 per cent), Lebanon (1.8 per cent), Italy (1.6 per cent), and Kuwait (1.6 per cent).

2/ Both the United Arab Emirates and Yemen import from the Syrian Arab Republic a relatively large number of items but generally in small amounts. Lebanon imports even fewer items with, on average, larger values.

Table III-4. Syrian Arab Republic: Geographical Distribution of Exports of Manufactures and Semi-manufactures by SITC Sections, 1983

(In percentage)

Region/Country	Food (0)	Beverages & Tobacco (1)	Mineral Fuels (3)	Chemicals (5)	Manufactured Goods Classified Chiefly by Material (6)	Machinery & Transport Equipment (7)	Miscellaneous Manufactured Articles (8)
ESCWA region	41.3	11.9	7.2	5.8	5.3	31.6	16.6
Jordan	11.5	1.5	-	4.3	1.1	1.2	5.4
Kuwait	7.1	1.5	-	0.3	0.4	0.2	0.8
Lebanon	2.4	-	7.2	-	-	0.2	0.1
Saudi Arabia	18.1	8.2	-	1.1	3.5	29.2	9.5
United Arab Emirates	1.7	-	-	0.1	-	0.5	0.3
Yemen	0.2	-	-	-	0.1	0.2	0.3
Others	0.3	0.8	-	-	0.1	0.1	0.2
Developing Asia	3.5	6.5	17.2	20.2	52.7	10.8	7.0
Iran	2.5	0.4	-	20.2	51.4	10.6	7.0
Developing Africa	28.2	-	5.6	-	0.1	0.3	2.8
North Africa	28.2	-	0.1	-	0.1	0.3	2.8
EEC	6.1	0.7	65.1	0.1	0.8	54.9	0.7
Germany (Fed.Rep.)	5.9	-	-	-	0.5	24.9	0.2
France	0.1	-	17.5	-	-	2.2	0.5
Italy	0.1	-	45.0	-	-	0.6	-
CMEA	19.8	80.4	-	73.9	41.0	0.1	72.5
U.S.S.R.	19.8	80.4	-	72.5	40.8	-	67.9
Rest of World	1.0	0.5	4.9	-	0.1	2.7	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

For source and footnotes: see Appendix Table A-4.

close to one-third of machinery and transport equipment, and about one-sixth in the category of miscellaneous manufactured articles. Moreover, the ESCWA countries' imports from the Syrian Arab Republic are spread over a large variety and number of items. In particular, they lead with respect to such products as cereal preparations; preserved vegetables; sugar confectionery; mineral water; motor spirits; organic chemicals; wood manufactures; articles made of paper; fabrics woven of coarse animal hair; articles of cement and concrete; glass; tubes, pipes and fittings of iron and steel; tools for use in hand or in machines; household equipment of base metals; non-electrical machinery; motor vehicle bodies and parts; sanitary, plumbing, heating and lighting fixtures; furniture; travel goods; apparel and clothing accessories of leather; books and pamphlets; and plastic articles.

The markets of developing countries in Asia especially Iran, and to a much lesser extent Singapore, Cyprus and Turkey, 1/ absorbed in 1983 over one half of Syria's exports of manufactured goods classified chiefly by material, and portions ranging from 3.5 per cent for food, to 6.5 per cent (beverages and tobacco), 7 per cent (miscellaneous manufactured articles), 10.8 per cent (machinery and transport equipment), 17.2 per cent (fuels) and 20.2 per cent (chemicals). Exports to these markets also cover a large number and variety of items falling mainly in SITC sections 6, 7 and 8. In particular, these markets, notably Iran, provided the largest outlet for several products including inorganic chemicals; soaps, cleansing and polishing preparations; washing preparations; phosphatic fertilizers; grey cotton yarn in bulk; bleached cotton fabrics; fabrics woven of continuous and discontinuous synthetic fibre; knitted fabrics; tulle, lace, embroidery, etc.; glassware; metal containers for storage and transport; domestic utensils of aluminium;

1/ Syria's exports to Singapore in 1983 in the amount of $32.3 million consisted of one item only: residual fuel oils. Similarly in the case of Cyprus where, aside from $186 thousand worth of preserved fruits, the rest consisted of $21.1 million worth of residual fuel oils. The smaller amount ($5.25 million) of Syrian exports to Turkey consisted of a handful of items mainly petroleum coke and woven cotton fabrics.

domestic refrigerators and washing machines; switchgear; telecommunications apparatus; handkerchiefs; footwear of rubber or plastic; and pencils and crayons.

Syria's exports to developing countries in Africa in 1983 - excluding $15 million worth of fuel exports to Nigeria - went mainly to the Arab countries of North Africa. In contrast to exports to developing countries in Asia, these were spread over a much smaller number of items, falling mainly under the category of miscellaneous manufactured articles and having generally small magnitudes. As a percentage of Syria's exports of manufactured and semi-manufactured goods, they are significant in the case of dried and preserved fruits; clothing; and leather footwear.

The EEC market took about two-thirds and one-half, respectively, of Syria's exports of residual fuel oils and dehydrated vegetables. Its apparently dominant share in the case of machinery and transport equipment could be misleading as exports consist essentially of aircraft engines and parts, as well as some electrical machinery. Other items of some significance include grey cotton yarn in bulk, clothing and copper.

Except for a negligible amount, Syria's exports in 1983 to the countries members of CMEA went to the U.S.S.R. Exports to this market cover a wide variety of products, especially textiles and clothing, chemicals, foodstuffs and cigarettes. Thus, about 80 per cent of exports of beverages and tobacco, 74 per cent of chemicals, 72 per cent of miscellaneous manufactured articles, 41 per cent of manufactured goods classified chiefly by material and 20 per cent of food products went to that market. At a more disaggregated level, it can be seen that the U.S.S.R. is a leading or significant market in such products as dried fruits and dehydrated vegetables; cigarettes; paints and varnishes; perfumery and cosmetics, soaps; polishing preparations; leather; grey cotton yarn in bulk; bleached cotton fabrics; fabrics woven of continuous and discontinuous synthetic fibre; fabrics woven of continuous and discontinuous degenerated fibre; knitted fabrics; blankets and travelling rugs of cotton; linens; knitted carpets and rugs; outer and under-garments for men, women, boys, girls and infants; shawls, scarves, etc.; ties; corsets, suspenders, garters, etc.; and office and stationery supplies (fountain pens, pencils, crayons, etc.).

IV. INSTITUTIONAL FRAMEWORK, POLICIES AND INCENTIVES FOR PROMOTING EXPORTS OF MANUFACTURES AND SEMI-MANUFACTURES

A. Institutional Framework

As already noted in chapters I and II, the development of manufacturing industry in the Syrian Arab Republic was up to the mid-1960s largely the product of efforts by the private merchant-entrepreneur, with the Government assuming generally a promotional and regulatory role. Moreover, the process was predominantly inward-looking and concentrated in light consumer industries; exports being essentially a by-product of activities catering for the needs of the domestic market and largely dependent on the availability of export surpluses.

The nationalization measures of 1964-1965 dramatically altered the picture and laid the basis for the pattern to emerge. The initial and direct outcome of these measures was to shift control over manufacturing activity and trade in the Syrian Arab Republic from the private to the public sector. It was only after 1970 that steps began to be introduced to gradually liberalize production and trade with a view to enhancing the involvement of the private sector and enabling it to assume a significant and complementary role to that of the public sector in the development process. However, the public sector retained for itself a monopoly position in a number of areas or activities deemed "strategic".

The institutional framework for trade promotion and export marketing within the public sector is mainly provided by the Ministries of Economy and Foreign Trade, Industry and Petroleum; and by the marketing boards for agricultural products, the general industrial organizations, and the state trading agencies.

The bulk of Syrian exports have come to be handled by public sector functional general industrial organizations and commodity-oriented trading agencies (see Table IV-1). In 1980-1983, for example, this sector was

Table IV-1. Syrian Arab Republic: Public Sector Exports by Trading Agency, 1982-1984
(Million of Syrian Pounds)

Trading agency	1982	1983	1984
Foreign Trade Organization for Chemicals and Foodstuff	27.0	44.4	..
General Organization for Trade and Distribution (GOTA)	..	..	10.0
General Organization for Food Industries	22.4	24.4	51.7
General Organization for Chemical Industries	30.4	49.1	51.6
General Organization for Engineering Industries	3.7	28.3	18.3
General Organization for Textile Industries	132.8	13.0	279.0
General Commission of Cereals and Mills	344.8	115.0	94.0
General Organization for Tobacco	47.1	54.3	54.7
General Organization for Cotton Ginning and Marketing	499.2	786.5	1131.1
Syrian Arab Company for Electronic Industries	-	11.0	..
Syrian Arab Phosphate and Mining Company	76.2	106.8	97.0
Public Institutions for Oil	4081.5	5195.8	4587.6
General Company for Vegetables and Fruits	19.0	34.0	29.0
Other Public Sector Establishments	1823.6	267.7	152.7
Total	7107.7	6730.3	6556.7

Source: Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract (1984 and 1985).

responsible for more than 90 per cent of all exports, and for about four-fifths of exports of manufactured and semi-manufactured products. In some instances (e.g., General Organization for Food Industries), certain items are exported by the producing organization itself while others are handled by specialized trading companies or establishments.

Opinions differ, however, as to who should do the exporting. In early 1984, the Council of Ministers decided to tie export operations of the general industrial organizations to the counterpart trading establishments. The implementation of the decision was postponed, however, apparently because the

trading establishments were not ready to assume this responsibility and for fear of having to bear the price differentials in case of losses. Irrespective which of the two approaches is adopted ultimately, the main constraint in the foreseeable future remains the lack of qualified personnel. In view of this, it may be more fruitful to set up focal points concerned with development and promotion of exports and/or strengthen those in existence in the general industrial organizations.

Within the Ministry of Economy and Foreign Trade, the following departments are concerned with export promotion:

- The Directorate of External Affairs and International Relations, which is responsible for all matters relating to trade agreements, trade missions and relations with international economic organizations;

- The Directorate of Economic Relations with Arab Countries;

- The Directorate of Trade Representation Abroad and Development of Exports; and,

- The Directorate of Planning, Statistics and Exchange Control.

The Ministry of Industry includes the Directorate of Marketing and the Fund for the Development of Industrial Exports which subsequently (Decree No. 190 dated 3 December 1978) was transformed into the External Trade Centre.

As to the private sector, it has remained rather inadequately organized to handle export operations being hampered - as the public sector - essentially by lack of information on overseas markets and on new selling techniques abroad. The private sector also suffers from the fact that the range of products it may produce and export is confined to the final stages of manufacturing, and by the legal restrictions - except by approval of the Prime Minister - of exporting directly, or by acting as agent, goods produced in the public sector.

While the Chambers of Commerce and Industry, especially the Chamber of Commerce of Damascus, are active, especially in participation in trade fairs, their willingness and potential to assume a more dynamic and effective role in

promoting exports have been hampered by the weak communication between these chambers and their public sector counterparts.

However, the situation in this respect has been improving recently. Representatives of the private sector (Chambers of Commerce and Industry) are now members of the "Import and Export Rationalization Committee" which looks into external trade policies. These representatives have also participated in assessing achievements under the Fifth Plan. The Damascus Chamber of Commerce has also been participating, for the first time, in the discussions preceding the formulation of the Sixth Five-year Development Plan (1986-90). There is also a mixed private-public sector committee which investigates possible areas for private sector investments.

While the involvement of the private sector in these efforts has remained essentially of a consultative nature, its significance derives from the fact that it reflects a rising awareness on the part of the Syrian authorities of the potential of, and desire to enable, the private sector to assume a greater role in the economic and social development of the country. Indications are that the thinking and steps taken along these lines are beginning to yield some results given the tendency to formulate a clear investment programme for the private sector in the forthcoming plan, the manifested support for developing and promoting a joint private-public sector and the setting of more realistic exchange rates.

An important aspect of the overall institutional framework affecting Syria's exports is the exchange rate system in effect.

The Syrian Arab Republic maintains three exchange rates: the official, the parallel and the tourist rate. Only the first two are relevant for trade transactions, however. Because of the large differences between the official and parallel rates (see Table IV-2), it makes a great deal of difference which of the two rates is used in connexion with import transactions, and the surrender of export proceeds. The system has been designed, and generally operated, in favour of the public sector though in recent years it has been relaxed to accommodate partly the needs of the private sector.

The growing discrepancy between the official exchange rate and the rate prevailing in the unofficial market - with the latter depreciating by about 40 per cent vis-a-vis the former by April 1981 - led the Syrian authorities to re-establish, on 22 April 1981, an official parallel exchange market.

Table IV-2. Syrian Arab Republic: Exchange Rate Developments, 1980-1984
(End of Period; Syrian Pounds per United States Dollar) 1/

	Official Market	Parallel Market	Tourist Rate 2/
1980	3.95	...	...
1981	3.95	5.45	...
1982	3.95	5.45	5.80
1983	3.95	5.45	5.70
1984	3.95	5.45	8.25
1985 (September)	3.95	5.45	8.85

Source: Syrian Arab Republic, Central Bank and, IMF, International Financial Statistics.

1/ Selling rates.

2/ The tourist rate was raised five times between January 1984 and September 1985.

Note: The parallel market rate was re-established on 22 April 1981, and the tourist rate introduced on 24 May 1982.

Initially, this market covered all private imports and varying proportions of specified commodities exported by the public and private sectors. All imports and exports, except specified commodities, by the public sector were to be effected at the official exchange rate. Thus, some 16 export commodities (including several textile products, household appliances, certain agricultural products and small manufactured items such as pencils and glassware) were made eligible for partial surrender of foreign exchange proceeds at the parallel exchange rate. A few additional items were added to the list in the course of 1982 but the share of export proceeds thus surrendered remained within the 30-70 per cent range as before. It was only in January 1983 that a surrender share in excess of 70 per cent was introduced when exports of cotton underwear were made eligible for surrender of 85 per cent of export proceeds at the parallel exchange rate. The list of eligible products was expanded further by adding several items on three other occasions in 1983. Cotton products were made eligible on 23 April for a

parallel share of 100 per cent for a duration of one year, providing the exporter was a public enterprise or, in the case of private exporters, that the products concerned incorporated ingredients imported at the parallel exchange rate. At the same time, the parallel share with respect to products made from natural and artifical silk was raised from 40 to 50 per cent, respectively, to 100 per cent until the end of 1983. Exports of animals and hides, nuts, perfumes, and beauty products, natural silk and silk products, wool and wool products, cotton products and rugs were made eligible for full surrender at the parallel exchange rate effective 28 March 1984. This made permanent the temporary full surrender privilege extended to cotton products earlier in April 1/.

In June 1984 exports of tobacco leaves and hand-made carpets were made eligible for surrender at the rate of 100 per cent; exports of soft yeast at 70 per cent and cigarettes at 75 per cent. In December of the same year, the list was further extended to include live plants, seeds for sowing, dry yeast, marble and gypsum, cotton waste and decorative stones (100 per cent); flavoured or coloured sugars, bituminous mixtures and ordinary electric bulbs (70 per cent); and, polishes and creams for footwear, raw hides (pickled), and machinery and equipment for agricultural and industrial use (60 per cent).

This trend to raise the share of export proceeds surrendered at the parallel exchange rate culminated in May 1985 in unifying the rate at 100 per cent for the product categories that benefited earlier from lower rates.

Table IV-3 depicts the situation as it stood in May 1984 and May 1985. The entire imports of the public sector continued to be financed at the official exchange rate, while the parallel market exchange rate applied to private imports. In the case of exports, by May 1984 the parallel rate applied to the bulk of textile exports, products of the engineering and chemical industry, and agricultural products. The official exchange rate applied to the remaining exports of the public sector, while in the case of the private sector an ad hoc procedure was followed with the rate-mix between

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1/ In a separate action on 6 August 1983, owners of private industrial firms were authorized to place up to 50 per cent of manufactured export proceeds in special accounts with the Commercial Bank of Syria to be used in financing imports of raw materials.

Table IV-3. Syrian Arab Republic: Exchange Rates Applied to Merchandise Trade
(Per cent of foreign exchange surrendered/used)

Type of Transaction	May 1984		May 1985	
	Official Market Rate	Parallel Market Rate	Official Market Rate	Parallel Market Rate
Exports				
Textile	0-20	80-100	0	100
Engineering and chemical products	20-40	60-80	0	100
Agricultural products	0-20	80-100	0	100
Other exports of the public sector	100	0	100	0
Other exports of the private sector1/	Ad hoc	Ad hoc	Ad hoc	Ad hoc
Imports				
Public sector	100	0	100	0
Private sector	0	100	0	100 2/

Source: Central Bank of Syria and Commercial Bank of Syria.

1/ To be established by a special government committee on a commodity-by-commodity basis.

2/ Authorized imports.

the official and parallel rates decided upon by a special government committee on a commodity-by-commodity basis. By May 1985, the 100 per cent rate became applicable to all items previously eligible for a partial surrender of export proceeds at the parallel market rate.

The steps taken since 1981 to successively expand the number of items, and the share of export proceeds thereof, surrendered at the parallel market rate represents a step in the right direction of redressing the growing gap between the official market rate of exchange and the unofficial one. It should be

noted, however, that the items that have thus become eligible for full surrender of export proceeds at the parallel rate represent, in terms of 1983 trade returns, about 43 per cent of the value of non-fuel exports with textiles comprising 33 per cent, agricultural products 3 per cent, engineering and chemical products 2 per cent and other items 5 per cent. Thus, the share of exports still transacted at the official rate remains substantial.

The extent to which these developments can be regarded as offering incentives to exporters is questionable in view of the long time it took to bring them about and the fact that in the meantime the gap between the parallel market rate and the unofficial market rate continued to widen rapidly. At best, therefore, they may be viewed as a partial corrective measure. By September 1985, the unofficial market rate of exchange was more than double that in the parallel market. This adversely affects the private sector in particular which has to pay for its imports at the actual prevailing international market rates while obtaining about one-third or one-half of that rate for their exports depending on whether they surrender them at the official market rate or the parallel market rate.

Such a situation could not only act as a serious disincentive to private exporters, but could also lead to understating invoices so as to be able to finance imports of raw materials and machinery. Moreover, some public sector exporters could also indirectly be affected by the existing practice. While it is true that public sector imports are affected at the official exchange rate and the bulk of their exports at the parallel market rate, for those enterprises where domestic inputs are dominant and/or overpriced, as in the case of some foodstuffs and textile industries, the surrender of exports at the parallel rate affects their balance sheets adversely. This in turn reduces their ability to show profits and, consequently, distribute bonuses or rewards with a negative impact on morale and incentives.

It should be pointed out, however, that the Syrian authorities see the merit of narrowing the gap between the rate at which exporters surrender their proceeds and the actual rate of exchange. Thought is currently being given to raising the rate applicable to exports to the level of the tourist rate. This would have to be done during a relatively short duration if it is to be effective, and it may be even insufficient if the Syrian currency continues to depreciate.

To the extent that the expansion of industrial exports is conditional on industrial development in general, it is also worth noting certain features of the Syrian customs tariffs. These can exert considerable impact on export industries by influencing the cost and availability of capital goods, raw materials and intermediate products. The Syrian tariff structure and related taxes are designed in a manner that their incidence serves the overall objective of phased import substitution strategy by essentially discouraging imports of consumer goods and encouraging those of raw materials and capital goods. Thus, imports of capital goods and raw materials are fully exempted from tariffs or face minimal rates not exceeding one per cent 1/. Also, the rates applicable to semi-finished raw materials are significantly lower than those on finished consumer goods. In both categories, however, the rates vary widely with competitive imports, or those for which local substitutes are available, being taxed much more heavily than non-competitive imports. Also, the tariff structure favours the imports of necessities and falls heavily on luxuries.

B. Objectives and Policies

Of perhaps similar significance to the nationalization measures themselves were the industrialization policies which evolved subsequently. The aim of rapid industrialization - by exploiting the relatively abundant physical resources based in agriculture and mining and taking advantage of the country's favourable geographicl location - was pursued with much more vigour than has been the case hitherto. While continuing to push along a wide front of import-substitution activities to meet the rising needs of the domestic market in final consumer goods, the sharp rise in investment allocations in favour of the manufacturing sector was partly directed towards large-scale/heavy and export-oriented industries. The aim was to develop industrial capacity in a number of branches to levels where economies of scale and output levels would make additional exports possible and allow a gradual shift in the composition of exports away from raw materials to

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1/ Machinery, tools and equipment imported in connection with the establishment of new enterprises, or the expansion of existing ones, are also exempted from customs duties.

semi-manufactured and manufactured goods, for both consumption and investment, so as to increase the value-added content of the final product. Such shifts were to be pursued during the Fourth and Fifth Five-Year Plans, for example, by expanding the share of cotton output exported in the form of yarn and textiles and the share of refined petroleum and petroleum products in fuel exports; the replacement of phosphate rock by exports of trisuperphosphate fertilizers; and increasingly substituting the export of other raw materials such as hides and wool by their manuactured derivatives, such as finished leather products and woolen carpets and rugs.

These objectives and strategies were recognized in the Fourth Five-Year Plan and confirmed in the Fifth Plan, with export promotion and growth on a relatively large scale viewed as an important element in the country's overall industrialization policy and planning. Notwithstanding this, the Fifth Five-Year Plan document, for example, did not go, when it came to exports, beyond stating general objectives and policies. The anticipated contribution of the investment programme to exports is not provided in any form: overall, by sector, by project or by year; nor for that matter the means by which the overall export objectives were to be attained or the executing areas. The references to exports are confined to:

Objectives

- An average annual growth rate of 6.5 per cent in exports of goods and services;
- Modifying the structure of exports by increasing the relative importance of manufactured and semi-manufactured goods and reducing that of raw materials;
- Disposal of domestic goods produced for export, ensuring stable markets and searching for new ones;
- Strengthening trade relations with Arab, socialist and friendly countries; and,
- Endeavouring to achieve balanced trade with different trading blocs.

Policies and measures

- Ensuring that the Standardization and Metrology Organization assumes its role in elaborating required specification lists for exportable products;

- Making trade exchanges with Arab countries conform to the objectives of the Arab Common Market, the Economic Unity Agreement and the realization of Arab economic integration;

- Strengthening and expanding trade relations with socialist countries and other friendly nations;

- Provision of a qualified cadre specialized in export operations, and granting those responsible the necessary authority and flexibility to enable them to discharge their export functions expediently and effectively;

- Ensuring that the External Trade Centre assumes its role by undertaking comprehensive and periodic studies on external markets;

- Establishing a foreign exchange pricing system consistent with the policy of promoting exports and transfers by Syrians and emigrants abroad;

- Participation in international fairs and undertaking publicity campaigns for exports;

- Setting up specialized commercial centres or offices in major export markets;

- Entering into long-term trade agreements; and,

- Elaboration of a comprehensive export promotion system and assisting exporters to sell abroad.

In view of the fact that many of these policies and measures have largely remained unimplemented, they are likely to be carried over into the Sixth Plan. This plan is expected to renew emphasis on expanding and diversifying exports using local raw materials and labour to produce, whenever possible, goods for export, increase the competitivess of Syrian products through quality improvements and lower costs. The latter aspect is to be pursued through efforts to make better use of existing productive capacity and promoting interdependence and linkages between industrial units to provide the needed intermediate inputs the inadequate supplies of which constituted a serious bottleneck in the implementation of earlier plans. Notwithstanding these positive indications, it appears that the overall orientation of the Sixth Plan will remain inward-looking with import-substitution as its main pre-occupation.

The more specific trade policies and other measures designed to promote exports, are considered in the following paragraphs.

1. Trade and payments agreements

The principal, and certainly the more effective trade and payments arrangements entered into by the Syrian Arab Republic in recent years are bilateral; many of which being medium to long-term agreements of intent with no commodity composition of trade specified, though in some lists of eligible products are included. The commodity content of trade under many of the agreements, especially with non-Arab countries, is determined by contracts involving barter deals.

Since the early 1950s, the Syrian Arab Republic has concluded a large number of bilateral (trade, payments, economic cooperation) agreements with most countries in Western Asia 1/, as well as countries outside the region, notably east European socialist countries members of the Council for Mutual Economic Assistance (CMEA). It has also entered into agreements with Sri Lanka, Vietnam, China, Democratic Republic of Korea and, more recently, with Iran. As to developed market economies, it was only in 1976 that a major trade and cooperation agreement was signed with the European Economic Community (EEC).

The Syrian Arab Republic has also been active in the various multilateral attempts aimed at promoting the flow of goods and services within the region, whether directly or indirectly. Of the direct arrangements, the most significant perhaps, and widely debated, has been the Arab Common Market (ACM) agreement 2/. It is worth noting, however, that by the end of 1984 the Syrian

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1/ For a listing of the agreements, including date of signature, effective date, duration, purpose and salient features, concluded between 1949 and 1978, see: United Nations Economic Commission for Western Asia, Economic Integration in Western Asia, Annex II, Frances Printer, London (1985).

2/ The Syrian Arab Republic is one of the four original members (the other three being Egypt, Iraq and Jordan) of the ACM which was established in January 1965. The ACM membership did not change until 1977 when the Libyan Arab Jamahiriya joined. Mauritania followed in 1980 and Democratic Yemen in 1981.

Arab Republic had not yet ratified the new Convention for Facilitating and Developing Trade between Arab States which replaced the 1953 Convention for Facilitating Trade and Regulating Transit Trade between States of the Arab League.

The agreements concluded with countries in the region carry generally a duration of one year, subject to automatic renewal. The major exceptions have been open-ended trade and economic cooperation agreements entered into in the wake of close political rapprochement such as the agreements with Jordan (1975), Iraq (1978), or the earlier agreements with Egypt when the two countries came together to form the United Arab Republic.

While it may not be possible to assess the exact impact of agreements involving the Syrian Arab Republic with other countries in the region, it would appear that the less politically-inspired and short-term agreements 1/ had been more effective in promoting Syria's exports of manufactures and semi-manufactures, as in the case of the agreement with Saudi Arabia, than the open-ended and politically-motivated ones. Similarly, bilateral agreements, whether based in economic or political considerations, and which have been concluded with countries which are also members of multilateral trade-promoting instruments, appear also to have been more effective than the latter type of agreements in expanding Syria's exports to such countries as Iraq, Jordan, Libyan Arab Jamahiriya and Yemen. This is evidenced (see Table A-3) for example in the sharp rise in exports to each of Iraq and Jordan which occurred between 1975 and 1979. It helps also to explain the substantial and sudden changes observed in the level of Syrian exports to these two countries and to the Libyan Arab Jamahiriya, as well as the fact that Saudi Arabia has generally remained the largest regional market for Syria's exports of manufactures and semi-manufactures.

Outside the ESCWA region, the Syrian Arab Republic has maintained, for several years, trade and payments agreements with the U.S.S.R., Sri Lanka, Vietnam, China and the People's Democratic Republic of Korea. With the exception of the active agreement with the U.S.S.R., the rest have been either

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1/ The fact that such agreements have been generally automatically renewed and rarely revoked or modified has endowed them with a continuity characteristic of long-term trade policy instruments.

inoperative or operating at very low levels in recent years 1/. In 1983, Syrian exports of manufactures and semi-manufactures to the U.S.S.R. attained the level of $153 million, compared to $20-22 million in 1975 and 1979.

The trade and cooperation agreement 2/ concluded with Iran on 3 April 1982 has been felt immediately in Syria's exports of manufactures and semi-manufactures. These exports, which were virtually nil in both 1975 and 1979, reached $102 million in 1983, making Iran the second largest market for non-oil manufactures and semi-manufactures exports from Syria.

The commercial component of the trade and cooperation agreement signed in early 1976 with the EEC does not appear to have had a significant impact on Syria's exports of manufactures and semi-manufactures, at least in terms of product diversification. While the agreement provided for the abolition of tariffs and quantitative restrictions on Syrian exports of industrial products, the exceptions of so-called "sensitive" products, namely, refined petroleum products, phosphatic fertilizers, cotton yarn and woven cotton fabrics are Syria's leading and major potential export items 3/. Thus, the increase in Syria's exports of manufactures and semi-manufactures from about $41 million in 1979 to $191 million in 1983 consisted largely of residual fuel oil ($176 million) and of aircraft engines and aircraft parts ($12 million). Syria's other major potential exports notably textiles and processed foodstuffs continue to face restrictions resulting from the application of the Multifibre Agreement in the first instance, and the Community's Agricultural Policy in the second. On the positive side, the Syrian Arab Republic succeeded in exporting, though in small amounts, to the EEC a variety of products including dehydrated vegetables, refined copper and clothing items.

1/ The agreements with China and the People's Democratic Republic of Korea were terminated on 29 December 1982 and on 23 April 1983, respectively.

2/ The agreement provides for a ten-year reciprocal trade arrangement relating mainly to crude oil imports from Iran and Syrian exports of superphosphates, barley, textiles and glass.

3/ A tariff-rate/quota system was to be applied to these products until 31 December 1979 at the latest. For these products, Syrian goods were to enter the EEC duty-free up to certain fixed levels.

In the longer-term, the agreement could help in promoting the establishment of some industries in the Syrian Arab Republic by attracting European investors since it combines trade liberalization measures with provisions for economic, technical and financial cooperation.

The Syrian Arab Republic would also appear to have benefited very little in direct terms from the introduction earlier of the Generalized System of Preferences (GSP), or the conclusion subsequently of a new round of trade negotiations to liberalize world trade, namely the Tokyo Round of Multilateral Trade Negotiations (MTN). The main factor limiting Syria's actual or potential benefits from the GSP lies in the exclusion, on grounds of "sensitivity" of some of the more promising export items, i.e. textiles and products thereof. The exclusions are of particular relevance in the case of exports to the EEC, by far the largest market for Syria's exports of manufactures and semi-manufactures in the developed market economies. The agreement concluded with the EEC has not resolved the issue relating to textiles. International trade in textiles has been regulated between 1962 and 1973 by the Long-term Arrangement Regarding Trade in Textiles (LTA) and since then by the Multifibre Arrangement (MFA). The Syrian Arab Republic has not adhered to the MFA 1/.

Access of Syrian textile exports to the EEC may not appear to be a pressing issue given the availability of alternative export markets. In the long-term the EEC presents a very large and dynamic market where trade is carried out under more competitive conditions in contrast to present trade arrangements whereby the bulk of Syria's exports of manufactures and semi-manufactures takes place under bilateral trade agreements and barter deals.

From the perspective of developing countries, including the Syrian Arab Republic, the results of the MTN were generally disappointing, notwithstanding some significant gains. It was felt that these results fell considerably short of their expectations for the establishment of a new international economic order in which free-market access for their exports is a cornerstone.

1/ Any government which is not a contracting party to GATT, or has not acceded provisionally to GATT, may accede to the MFA on terms to be agreed upon between the government in question and the participating countries.

The outcome of the negotiations, moreover, was viewed as confirming the gradual shift which has been taking place in recent years away from the traditional notion of free trade towards such new concepts and practices as "fair", "orderly" or "organized" trade in which developing countries find themselves at a great disadvantage.

While continuing to pursue efforts to liberalize world trade and gain preferential treatment for their exports in the developed countries, frustrations with the very slow and limited progress achieved as a result of these endeavours have persuaded the developing countries to look increasingly towards promoting trade among themselves through various means such as the establishment of a Global System of Trade Preferences (GSTP) and cooperation among their state-trading organizations - issues which are under active consideration in the United Nations Conference on Trade and Development (UNCTAD). The positive implications of these efforts are borne out by the increasing importance of intra-developing countries' trade, including the case of the Syrian Arab Republic. Of great significance also is the fact that the increased emphasis on the advantages of promoting economic and technical cooperation among developing countries, including trade aspects, represents a big step forward on the part of developing countries to free themselves from the long-standing conceptual notion that virtually linked their progress to economic conditions and policies prevailing in developed countries and, hence, lying outside their reach.

For these reasons, the Syrian Arab Republic in cooperation with other countries of Western Asia should, to the extent possible, become more involved in the current efforts aimed at promoting economic and technical cooperation among developing countries, given the long-term potential that such cooperation holds for all developing countries.

2. Export incentives

In their efforts to promote industrial exports, the Syrian authorities transformed, by Legislative Decree No. 147 of 1970, the "Fund for the Promotion of Cotton Yarn and Textile Industries" to the more general "Fund for the Development of Exports of Industrial Products". While the Fund was designed to promote industrial exports in general, its operations remained confined to subsidizing exports of cotton yarn and fabrics. Apart from a small

government contribution, the financial resources of the Fund are derived from a levy on new raw cotton purchased by cotton manufacturers. The subsidy paid to the exporter represents the difference between the local and international price of yarn; currently, the price of yarn in Turkey is taken as a basis for calculating the price differential. Both public and private firms may avail themselves of the subsidy. In addition to the subsidization of exports, the tasks assigned to the Fund included: planning export promotion policy for Syrian manufactured products; carrying out marketing studies; offering paid consultancy services to public and private enterprises; collecting information on external markets; and, proposing participation in international fairs.

The new Fund was itself subsequently transformed, by Decree No. 1190 of 3 December 1978, into a public institution as the "Centre for External Trade". The functions of the Centre were enlarged to include, in addition to those originally assigned to the Fund, the following: undertaking studies on export capacity; ensuring the conformity of exports to desired specifications and quality standards; determining the industries the products of which need support to become competitive; formulating recommendations with respect to export industries or orienting industries towards exporting; dealing with all issues relating to the Generalized System of Preferences (GSP) so as to make full use of it; and, preparing studies and extending advice on the world market situation with respect to products imported by the Syrian Arab Republic.

So far, the activities of the Centre have not gone much beyond those of the Fund which it replaced. Apparently, it still awaits being provided with financial resources, the professional cadres needed to discharge the functions entrusted to it, and the building that will house its personnel.

The similarity in objectives and functions of the Centre and its predecessor implies that the problem lies more in application than in the adequacy of legislation. Hence, the appropriateness of suggestions made in an earlier study 1/ that in addition to the stated objectives the Centre should concentrate on the establishment and development of packing and packaging

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1/ ECWA, Development Planning Division, Report on Foreign Trade in the Syrian Arab Republic (in Arabic), prepared by H. Ghaibeh, Trade Policy Regional Adviser (Beirut, 1979).

industries, and assist in keeping Syrian producers informed of trends in tastes and specifications in markets abroad. Moreover, the Centre should endeavour to remain in close contact with representatives of the private sector if it proves unfeasible to include it in the management even in a consultative capacity.

Syrian exporters of manufactured goods are also eligible to a refunding of import duties and other taxes. Originally, the "import-duty-rebate" procedure was confined to exports of manufactured products using sugar as a basic raw material. This was changed by Decree No. 87 of 1967 and the scope of the refund was extended to include: (a) rebate of customs duties as well as fiscal and municipal fees on the import content of domestically manufactured goods, when such goods are exported; and (b) total or partial exemption of domestically manufactured products, and/or the materials used in their manufacture, from the agricultural production tax and fiscal and municipal fees and taxes when these products are exported.

The Syrian authorities have also been trying to ensure - through the Standardization and Metrology Organization - that export products confirm to acceptable standards and specifications. It appears, however, that the enforcement of export specifications has been undertaken on a contract-by-contract basis with an agreed-upon foreign company often supervising the process. Since specifications tend to change from one contract to the other, the advantage of continuity and the establishment of a name in the market are lost to the Syrian exporter.

Another vehicle used for promoting Syrian exports of manufactures has been the free zones. Early in 1971 the Syrian authorities undertook a reassessment of the nature and functions of its free zones. Until then, the free zones had only a limited scope and operated mainly through bonded warehouses. Legislative Decree No. 18 of 1971 set up a "Public Organization for the Free Zones of Syria" with the task of expanding and coordinating the activities of free zones. In addition to the storage of foreign commodities, the free zones were to be established as geographical entities. Firms operating therein were to be exempted from administrative restrictions on imports and from customs duties and exchange controls. These firms were also allowed to sell 20 per cent of their output in the domestic markets and obtain a Syrian certificate of origin, enabling them to benefit from the advantages stipulated in trade and

economic agreements maintained by the Syrian Arab Republic with other countries. Moreover, investments in the zones were to be exempted from all taxes. At present there are 6 zones (Damascus, Adra, Aleppo, Lattakia, Tartous and Damascus International Airport). There are several industrial establishments operating there and producing a variety of goods including wearing apparel, drugs, syringes, toothpastes, perfumes, car air-conditioners, plastic water pipes, rugs, canned food, etc. Also, the 1975 accord with Jordan provided for the establishment of a joint free zone in Dara' on the common border; progress in implementation, however, has so far been slow.

The oprations of free zones have come again under scrutiny and are currently being reassessed once more. Firms operating therein can no more obtain a Syrian certificate or origin and imports into the domestic market have been stopped completely. It is possible that this reassessment has been rendered necessary by the rather ineffective contribution to promoting industrial exports made by free zones, and by "unfair" competition of free zone products, especially in the domestic market. While there seems to be merit in discontinuing sales in the domestic market of goods produced by firms established in free zones - given the possibility that such a practice could reduce the incentive to export and lead to diversion of a disproportionate part of output to the sheltered domestic market -- these firms should be allowed - as an incentive -- to export their products under a Syrian certificate of origin and thus enjoy trade preferences applicable to Syrian products in general.

V. FACTORS INFLUENCING EXPORTS OF MANUFACTURES AND SEMI-MANUFACTURES FROM THE SYRIAN ARAB REPUBLIC AND PROSPECTS

This chapter considers the main influences bearing on exports of manufactures and semi-manufactures from the Syrian Arab Republic (Section A) and their prospects in the coming few years (Section B). Section A-1 looks into some of the factors affecting the development and operations of export industries. Section A-2 briefly examines the production and marketing conditions affecting export performance. The implications of the actual product composition and geographical distribution for expanding exports are analyzed in Section A-3. A somewhat detailed examination of the institutional framework, policies and incentives for promoting Syrian exports of manufactures and semi-manufactures was undertaken in Chapter IV. It should be stressed, however, that these factors are closely interrelated and are discussed separately only for presentation and analytical convenience.

A. Factors Influencing Exports

1. Development of export industries

The development of exports of manufactures and semi-manufactures forms an integral part of the broader aspect of industrial development. The level and growth of exports is both a function of the overall state of industrialization attained and an important, and at times crucial, factor in promoting that process.

The factors bearing on industrial development in the Syrian Arab Republic are too many and complex to be systematically examined here. However, and from a macro perspective, certain limiting factors inherent in the nature of the industrialization process itself, and others associated with certain features of the Syrian economy, appear especially relevant for the development of export industries including the industrial strategy pursued; size of the domestic market and availability of exportable products in the light of domestic demand conditions; inter-sectoral and external dependence; and, manpower constraints.

Perhaps the most significant and far-reaching factor limiting the development of export industries is to be found in the overall orientation of the industrial development strategy and policies that have been pursued thus

far. The main thrust of industrial development in the Syrian Arab Republic has remained inward-looking notwithstanding the shift in thinking and the growing tendency to regard exports as an important element in overall industrialization policy and planning, and the efforts mounted by the Syrian authorities to direct - beginning with the Fourth Five-Year Development Plan (1976-1980) - a greater portion of planned investment allocations in favour of export-oriented industries. While awareness of the importance of promoting exports is expected to deepen, the existing situation may not change significantly during the forthcoming Sixth Development Plan (1986-1990) unless the expressed interest and enthusiasm in this respect are reflected in appropriate measures and policies. This would entail, among other things, the articulation of an export policy that specifies export targets and objectives, basic export commodities and markets, as well as the means by which the targets are to be attained - in particular the means of finance and the exchange rate policy to be applied - and the executing areas distinguishing between the private and public sectors and the roles of various agencies under the latter. The seriousness of intentions may also be gauged from the attitude towards the External Trade Centre which after several years from its establishment is still awaiting to be endowed with the resources that will enable it to assume the important role it was intended for. It may also be felt through the role that will be assumed by the Standardization and Metrology Organization in setting up and enforcing standards for export products 1/.

Another relevant aspect of the overall industrialization and trade policy relates to the role of the private sector. The desire of the Syrian authorities to enable this sector to play a more effective - though complementary - role consistent with its potential in industrial production and trade is still hampered by problems of spelling out the appropriate modalities that could remove the uncertainties and limitations and give the private sector the confidence it needs 2/.

The development of export industries is also constrained by some features of the Syrian domestic market. First, while in the context of the region the

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1/ See Chapter IV, Section B-2

2/ See Chapter IV, Section A

Syrian Arab Republic appears to occupy a relatively advantegeous position insofar as the size of its domestic market is concerned, in terms of the production thresholds that need to be attained before the benefits from economies of scale and externalities could arise and, hence, contribute to reduce costs and enhance competitiveness, the size of the Syrian market for most manufactured goods is inadequate in itself. This makes production possible only behind protection. Thus, the ability to export under competitive conditions will be impaired unless the vision of the market is enlarged at the planning stage to encompass some exporting to make up for the smallness of the domestic market. It should be pointed out, however, that the size of the domestic market becomes less crucial - when industries are intended mainly for exporting - than such considerations as the availability of a cheap, skilled and disciplined supply of labour, and access to technology, capital and markets as witnessed by the example of some of the "newly industrialized" developing countries.

Second, the rapid growth of internal demand which has been associated with rising population numbers and incomes, as well as a changing pattern of tastes, have tended to reduce export availabilities (e.g., refined oil products) or eliminate them completely for many products (e.g., cement). Competition between domestic claims and the need to export have also resulted in sharp fluctuations from year to year in the quantities exported depending for which of the two claims the authorities accorded priority (e.g. soaps and varnishes).

In view of the strong dependence of important, and notably export-oriented segments of the manufacturing sector on agricultural inputs, the slow growth and more so perhaps the severe fluctuations in agricultural production have exerted a depressing influence on the overall growth performance and efficiency of the manufacturing sector and the performance of export industries. Indirectly also, these effects have been felt through higher food imports, thus reducing the foreign exchange available for other uses, including imports of intermediate products and equipment for the manufacturing sector.

The heavy dependence of the Syrian manufacturing sector on imports, coupled with the fact that the high and rapidly growing levels of imports and domestic capital formation realized after 1973 were made possible to a large

degree through external financing, render plan fulfilment highly dependent on the availability of a sizeable and continuous flow of funds from abroad. These flows, it should be noted, have dropped considerably in recent year - at a time when export earnings were also under pressure - influenced by the world economic recession and its spread to the Gulf countries who are Syria's main aid donors and employers of its expatriate labour. The negative implications of this situation have been felt through the need to tighten import restraints and reversion toward administrative controls, affecting directly the ability to acquire raw materials and equipment for the manufacturing sector, and the interruption or halting of the trend to liberalize economic activity and trade affecting especially the private sector. Furthermore, expectations that substantial external resources would be forthcoming could have encouraged the formulation of over-ambitious development plans which not only tax the limited planning and project executing capabilities available, but also cause interruptions or postponement of project implementation, when resource-shortfalls occur, resulting in serious dislocation, delays in start-ups and loss of efficiency.

The more commonly voiced concern, applicable especially to the development of export industries, focusses on manpower shortages (technical and managerial skills) and the adverse effects of this on project formulation, start-up and operation. The problem is accentuated by the tendency to formulate over-ambitious plans, the size and complexity of which tend to tax the project formulation and implementation capabilities of the public sector which is responsible for the bulk of investment and enjoys exclusive monopoly in several important lines of production. The task of the public sector is made more difficult by the high rate of turnover caused by a strong pull on the part of the private sector and the attraction of the lucrative conditions in the neighbouring Arab markets - though the latter employment could have been dampened with the recent slowdown in economic activity in the traditional markets for Syrian manpower.

2. Production and marketing conditions

The structural factors discussed above affect the production and marketing of exportable items in several ways. They also find expression in the nature of the institutional framework which has evolved for promoting exports.

Syrian export industries have faced serious problems in connection with the supply of raw materials, whether of domestic origin or imported. Irregular deliveries and price fluctuations - and at times the fixing of high prices -- have adversely affected some basic export industries which are dependent on the processing of locally-produced vegetable and animal products (foodstuffs, hides and skins). In turn, industries relying on imported raw materials have suffered from foreign exchange shortages and complicated foreign exchange allocation procedures. Public enterprises suffer directly since they are totally dependent on allocations through the foreign exchange budget. The private sector is also adversely affected to the extent it obtains part of its imports at the parallel rate of exchange, since priority in foreign exchange allocation will be accorded to public sector enterprises. The cost of self-financing of private imports will also rise since foreign exchange scarcities will push the actual rate of exchange up. The private sector incurs larger expenses, relative to the public sector, when importing through the trading agencies of the latter on account of the higher commissions and charges imposed on it.

Shortages of foreign inputs and slow growth and fluctuations in agricultural production have contributed to the underutilization of existing production capacity in the manufacturing sector as a whole, thus reducing the efficiency of operations and raising production costs. These costs, notably in public sector enterprises, have also been high on account of shortages in skilled manpower. Redundant employment has, in some cases, been another factor in raising production costs. The policy of providing employment and guaranteeing job security have mitigated against disposing of excessive labour. Thus, in addition to lower productivity and sometimes inadequate product quality, this situation has hampered the rationalization of production modes and resulted occasionally in the maintenance of units which are not economically viable.

Productivity and capacity utilization have also been negatively affected by neglect to carry out plant modernization, reflecting the tendency to utilize public funds mostly for setting up new projects and the inadequacy of self-financing that could have otherwise been used.

High transport costs have also contributed to raising the price of exportables.

The combined effect of these unfavourable features has been to raise the price of Syrian exportable manufactures and semi-manufactures and reduce or eliminate their ability to compete internationally, thus rendering exports increasingly dependent on the existence of organized trade channels, i.e., through resort to trade and payment agreements and barter deals.

In addition to cost considerations, Syrian products have been at a disadvantage in foreign markets on other grounds. The basically inward-looking industrialization policy pursued has resulted in inadequate attention being paid to the development of competitive export industries and exporting mechanisms. Production for a highly protected domestic market, and one in which demand was rising fast, has reduced the incentive to export and rendered preoccupation with exporting under competitive conditions a rather marginal concern. As a result, the commercial organization for exporting has remained highly inadequate and "export consciousness" weak in general. In this respect, the Syrian exporter is generally at a great disadvantage vis-a-vis his competitors because of his poor knowledge or ignorance of conditions prevailing in potential export markets and means of dealing with them whether regarding consumers' tastes and requirements, the nature of competition that prevails, or the advantages that could be derived from bilateral and multilateral trade and payment agreements. Lack or weak personal contacts, aggravated by low currency allowances for travel abroad, have been an important factor contributing to the weakness of marketing organizations in foreign markets.

The difficulty faced by Syrian exporters to enter foreign markets have led them to concentrate their efforts on the traditional neighbouring Arab markets, resulting in excessive competition among them. At the same time, they have not been able to keep abreast of developments in these markets thus weakening their position vis-a-vis their more aggressive competitors.

From his end, the Syrian exporter has not yet given sufficient attention to the important and related issues of quality control, product specification and differentiation, or to the creation of a "brand" name, and to product appearance (packing and packaging).

3. Product composition and destination of exports

An examination of Annex Tables A-2 to A-4 reveals that in several respects the pattern (product composition and destination) of Syria's exports of manufactures and semi-manufactures has not generally been conducive to rapid growth and diversification.

In general, world demand for the type of products exported by the Syrian Arab Republic has been sluggish, tending to depress prices and limit market options. The traditionally leading non-fuel exports, notably textiles, clothing and foodstuffs, are regarded as "sensitive" products in the markets of the major developed economies. As such, they are denied access on such grounds as avoidance of "market disruption" and hence the need for "organized" or "managed" trade and "orderly" marketing arrangements as in the case of textiles and clothing where exports from developing countries take place under the restrictive provisions of the Multifibre Arrangement (MFA); or in the case of foodstuffs by a host of non-tariff barriers, especially those within the framework of the Common Agricultural Policy of the European Economic Community. Such attitudes have also served to deny developing countries, including the Syrian Arab Republic, actual and potential benefits arising from the conclusion of multilateral trade preferential arrangements such as the Generalized Scheme of Preferences (GSP), or negotiations to liberalize international trade in general such as the Tokyo Round of Multilateral Trade Negotiations (MTN).

Moreover, for many items the position of the Syrian Arab Republic in its traditional markets in the region has been constantly undermined by competition from other developing-country suppliers (such as Taiwan, Hongkong, Singapore, Korea) whose comparative advantage - deriving from such factors as cheap and skilled labour, and an outward-looking industrialization strategy coupled with an aggressive export policy - has proven more than adequate to offset advantages which Syrian exports had enjoyed from proximity, availability of raw materials and early entry to these markets.

Aside from the traditional export lines, the Syrian Arab Republic has developed in recent year considerable production capacity in refined oil products and fertilizers, with the intention of exporting part of the output. Depressed conditions in the international market and strong competition from other leading suppliers have not been helpful in this respect. For

fertilizers, moreover, much larger capacities have been set up in other countries of the region and difficulties have arisen concerning exporting petrochemicals and fertilizers to the potentially large market of the European Economic Community.

In some product lines, the possibility of exporting is precluded by the development of similar industries in the would-be markets, especially the regional ones. For example, the Syrian Arab Republic has in recent years established large production capacities in cement hoping to export the surplus output above domestic requirements to neighbouring Arab countries. At the same time, excess capacity has emerged in these markets on account of the large expansion achieved in production capacity and due to the overall depressed economic conditions that have prevailed for sometime now. Another example may be found in mineral waters where Syrian exports to the Gulf region has been falling partly as a result of setting up similar plants there.

While the Syrian Arab Republic was able to export small quantities of some engineering industries, such as refrigerators and washing machines, the main problem faced in exporting products of the assembly-type activities remains their high import content which renders them uncompetitive.

There is also a number of shortcomings inherent in the existing geographical pattern of Syria's exports of manufactures and semi-manufactures. In the first place, the heavy concentration of exports on a few countries increases vulnerability to economic and political conditions falling outside the control of the Syrian Arab Republic by reducing its ability and flexibility to respond in the short and medium-term to changes in economic conditions and abrupt reversals in political relations.

The prevailing export pattern reflects the influence of political factors on trade performance. Witness in this respect, for example, the emergence of Iran after 1982 as the second largest importer of Syria's non-fuel manufactured and semi-manufactured goods; the demise of the important Iraqi market after 1979; and the prominent position occupied by the U.S.S.R. all along.

A second important shortcoming relates to the failure of Syrian exports to penetrate the important markets of the United States and Japan, as well as other smaller but buoyant Western European markets. Aside from residual fuel oils and limited quantities of other items such as dehydrated vegetables, yarn

and clothing, there does not seem also to have been much success in establishing a strong foothold in the large and dynamic market of the European Economic Community.

Third, the decline in the share of exports going to the regional market has significant implications. It signals the failure to maintain a market position in which the Syrian Arab Republic is presumably favoured by a number of advantages including geography, preferential treatment, familiarity with the market and established trading links. The importance of this market stems from the fact that Syrian exports to it not only cover a large number and variety of items - though many in small magnitudes - but more importantly because trade is carried out essentially under competitive conditions. This is in marked contrast to most remaining trade which takes place within the framework of bilateral trade and payment agreements and through barter deals and annual contracts.

Fourth, the direction of trade flows reveals very little in terms of a conscious effort to export to non-Arab developing countries in Africa and Asia. This marks a failure, thus far, to take advantage of the fastest growing component of international trade, namely that among developing countries.

B. Prospects

1. Methodological notes

In assessing export prospects, a distinction is usually made between short-term (1-2 years) and medium-term (4-5 years) prospects, on the one hand, and long-term prospects, on the other hand. The former relates to the situation which could be realized through the application of suitable policies with minimum capital outlays and additions to existing productive capacity. The latter, in contrast, would entail an expansion of the industrial base and the establishment of export-oriented industries. It also implies changes in the relationship among major economic variables and the integration of export planning and policies with overall economic and industrial planning.

The analysis of export prospects may be approached from the supply or demand side, or both. In effect, prospects will be ultimately determined by the availability of and demand for exportable products. In turn, the supply of exports will depend on the existence of unused capacity and additions

thereto that could be expected to be made in the period under consideration; the ability to make effective use of such capacity by ensuring that requisites such as the supply and cost of raw materials are adequate, and labour and working capital requirements are met; and, developments in domestic demand. Linked to supply considerations is the ability to market the products abroad which is largely governed by the nature of the institutional framework and commercial organizations for export. The marketability of the product will be a function of foreign demand for that type of product and the extent of competition and its source, in which price and quality considerations are of paramount importance.

Extrapolations of past trends, supplemented with information from development plans, have been used at times to assess export prospects in the short and medium-term. The validity of such extropolations, however, depends on the assumption that a host of conditions - such as those governing product availability, external demand, competitiveness, and support and incentive measures - will continue to hold. Such an assumption, as can be discerned from past export records and experience, is hardly tenable, rendering extrapolations of past trends as indicators of prospects of limited usefulness.

Resources and time permitting, a more appropriate method for assessing export prospects is the direct inquiry approach into export opportunities through surveys of export industries. Since it is not practical to cover all such industries, a selective approach becomes necessary. The selection is generally based on the adequacy of present and future supplies and the existence of sufficiently encouraging prospects in foreign markets. Past export performance, development plan objectives and discussions with competent government bodies and private sector representatives (Chambers of Commerce and Industry, industrialists associations), provide overall guidelines for selection. The actual selection takes into account also such features as whether the product is already an important one in the export list and could be exported on an increasing scale in the period under consideration; whether it has been exported on a regular basis, though in small amounts, to several markets and the possibility of continuing to do so in the future; the nature of the manufacturing process (extent of value added, labour vs. capital intensive); possibilities of using local materials and labour force; and, internal and external demand developments.

A survey of selected industries or products would be directed at determining whether an exportable surplus is produced and if domestic costs are such as to render the product internationally competitive. To do this, the inquiry would have to consider the various factors that bear on production and marketing and would have, accordingly, to look into such aspects as productive capacity and its rate of utilization; expansion of the domestic market; volume of production and its distribution between domestic and external sales; actual and "normal" exports; markets and sources of competition; cost elements; protection and competition in the domestic market; and export incentives and disincentives (export taxes, exemptions and subsidies, export credit and guarantees, trade agreements, marketing arrangements abroad and roles of the public and private sector in exporting).

On the demand side, information will be essentially needed on world demand in general for the type of product considered; demand in the main markets and information on trade regimes and marketing arrangements therein; and, leading world suppliers and competitors in actual or potential markets.

Using any of the above-mentioned approaches, or a combination thereof to assess in quantitative terms medium-term prospects of exports of manufactures and semi-manufactures from the Syrian Arab Republic did not prove to be feasible. The Sixth Five-Year Development Plan (1986-1990) was not available at the time of preparing this study. Nor was it possible, given the limited resources available for the exercise, to undertake a survey of actual or potential export industries. Also, mathematical extrapolations of past export trends would not have yielded meaningful results, given the large fluctuations in quantities exported and abrupt shifts in the destination of Syria's exports of manufactures and semi-manufactures.

In what follows, therefore, the assessment of prospects for exports of manufactures and semi-manufactures from the Syrian Arab Republic will be made in broad and qualitative terms taking into account the country's overall economic performance and structural characteristics and those pertaining to the manufacturing sector; the product and geographical pattern of exports and the main factors influencing export performance; the institutional framework and policies for promoting exports; and, the insights gained through interviews carried out with the competent authorities and bodies.

2. Overall considerations

The results of the vigorous industrialization efforts, which were begun with the Fourth Plan and intensified during the Fifth, were beginning to show, in both production and exports, by the early 1980s with the significant addition to oil refining, cement and textile yarn capacity; the completion of large phosphatic and nitrogenous fertilizers plants; a steel rolling mill and a number of chemical and engineering plants. Important additions were also anticipated during the Fifth Plan in the output of glass and chinaware, refrigerators, tractors, textile yarn and fabrics, paper, and leather shoes. Considerable expansion in output was also expected to come from the private sector, notably in foodstuffs, wood, chemical and fabricated metal products. Actual production and export trends (see Appendix Tables A-1 and A-2) bear this out in general.

Based on existing production capacity 1/ and actual export performance, and taking into account both the kind of commodities exported and the markets to which they were destined, as well as resource endowments and institutional arrangements and trading experience, considerable differences would appear to exist regarding prospects and outlook among different product groups and products. At a macro-level, improved export performance would seem to depend on a number of considerations as follows:

First, improved export prospects will ultimately depend on the ability of the Syrian authorities to effect a shift from the overwhelmingly inward-looking industrialization policy pursued so far to a more open and export-oriented policy. Given that such a shift can only be brought about gradually, together with the prevailing emphasis on improving the performance of existing industries rather than setting up new ones, any expansion in exports will have to come through greater efforts on the part of industries already engaged in exporting and by converting some domestic activities, partially or wholly, to produce for export.

Second, in a rapidly growing and highly protected market, such as the Syrian one, the availability of exportable products will be strongly influenced

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1/ Emphasis on the Sixth Plan, as in its predecessor, is not expected to be on new projects, but rather on making existing ones function more efficiently.

by domestic demand and Government policies with respect to the allocation of output between internal and external uses. A highly protected market will reduce the incentive to export by assuring producers of a high profit margin without the risks involved in exporting.

Third, export prospects can be strongly and positively influenced by the extent to which the private sector is enabled to make full use of its potential and experience, within the prevailing socio-economic philosophy.

Fourth, an exchange rate which is divorced from the realities of the market is not conducive to export expansion. An over-valued exchange rate will act as an obstacle to exporting by rendering prices uncompetitive and increasing the attractions of selling domestically. However, devaluation could be hardly expected to be effective in a highly protected market since it will be very difficult to shift the balance of profitability in favour of exporting.

Fifth, the supply and cost of raw materials are important elements in determining the flow of exports. Syrian export industry has suffered persistently from irregularities, and sometimes over pricing, in the supply of domestically produced raw materials. It has also suffered generally, but especially at times of foreign exchange scarcities, as in the last two years, from severe shortages of imported raw materials and intermediate inputs.

Sixth, the ability to export depends on the price and quality, including appearance (packing and packaging) of the products - aspects in which Syrian exportables are still at a great disadvantage. Exporting is also influenced by knowledge of markets, export organization and incentives, as well as ability to negotiate, or take advantage of, export-generating bilateral and multilateral arrangements.

Seventh, export prospects from the Syrian Arab Republic will depend, to an important degree, on being able to retain existing positions in the traditional markets (in the region) or newly acquired ones, such as Iran. It will also depend on regaining lost markets or grounds in such important markets as that of Iraq, Jordan and Egypt, and on taking advantage of agreements such as the one with the EEC. In this, political relations assume great importance.

Eighth, the fact that export trade remains largely governed by agreements, barter deals and annual contracts imparts an element of uncertainty and

instability which renders any assessment of export prospects hazardous and reduces the margin of confidence which can be attached to such an exercise.

3. Product prospects

With regard to future prospects, Syria's exports of manufactures and semi-manufactures may be considered from different, though overlapping angles depending on whether the product lines concerned are resource-based or dependent on imported inputs; items have been exported for a long time - not necessary in large quantities - on a more or less regular basis and to a number of markets; production capacity exists; projects were planned and implemented with the intention to export a part of the output at least in the medium-term; and extent of value added.

As already noted, substantial additions to, or new, capacity were created in several resource-based product lines, notably textiles, fertilizers and oil products, with a view to exporting initially the bulk or a significant portion of output. In the case of textiles, in which the Syrian Arab Republic has a comparative advantage, long exporting experience and an established name, exports should continue to grow particularly of yarn and thread where compliance with the requirements of the international market are relatively easy to achieve. Exporting fabrics should present more, though not insurmountable, difficulty given strong competition from other sources and the constantly changing requirements of customers. In some product lines, such as printed fabrics and clothing, the private sector is likely to have some advantage over the public sector, being more responsive in general to changing demand patterns.

The expansion in fertilizers' production capacity in 1981-1982 allows for significant exports in the years to come, particularly of phosphatic fertilizers. Exports, however, have been hampered by inability, for technical

reasons, to utilize existing capacity 1/ in the case of phosphatic fertilizers, raising costs and rendering prices internationally uncompetitive. Prices have also been rendered uncompetitive in the case of azotic fertilizers on account of the need to use naphtha. This constraint was expected to be removed by the end of 1986 or early 1987 with the completion of a project that will enable the replacement of naphtha by natural gas. It is estimated that about three-fourths of the output of urea and ammonia could be exported.

On recent and present trends, the marketing of fertilizers in the region and in Europe is expected to face keen competition from other well-established producers and/or be denied access because of protection policies. This would render exports largely dependent on agreements and bilateral contracts and barter deals, where problems are not anticipated.

The expansion in oil refining capacity in the late 1970s and early 1980s led to a sharp rise in exports of refined products. The expansion was, however, concentrated in residual fuel oil, the exports of which did not change significantly between 1983 and 1984. The rapid pace at which domestic demand for oil products was rising, and the expected continuation and possible acceleration of this trend, could curtail net exports unless a significant addition to crude oil production is brought on stream, or measures taken to curb domestic demand.

The foodstuffs category offers some prospects for expanding exports. The Syrian Arab Republic has been exporting relatively significant quantities of dried and preserved fruits, as well as preserved and dehydrated vegetables (apricot paste, dehydrated onions and dried figs). Small quantities of tomato paste have also been exported. Further expansion of exports would seem to

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1/ The designed capacity of the Triple Superphosphates plant at Homs is 450,000 tons. Production in 1983 was only 116,000 tons which increased to 191,000 tons in 1984.

depend essentially on the availability of a growing and uninterrupted supply of inputs. In turn, this is closely linked with the performance of the agricultural sector. Exports of dehydrated onions could rise as a result of current efforts to introduce the cultivation of white onions into new areas, and the presence of demand. There are also possibilities for adding new production lines in the case of tomato paste, for which external demand exists, if the tomato harvest could be made more predictable.

The Syrian Arab Republic has also been exporting significant and growing quantities of items produced in the chemicals branch (notably pigments, paints and varnishes; perfumery and cosmetic products; and soaps). Varying quantities of detergents have also been exported. Further exports will depend mainly on the availability of imported ingredients - as the quantity of the products seems to be good and external demand exists - and on decisions regarding the distribution of output between the domestic and external market. Large unused capacity exists in the case of detergents which if used will contribute towards reducing costs and create export possibilities. As in the case of paints, output currently is barely sufficient to meet local needs.

As far as assembled engineering products such as television sets, refrigerators, washing machines and air-conditioners, the Syrian Arab Republic has had little success in exporting despite the availability of considerable unused production capacity. The limited exportation has gone to markets with which special relations exist (Iran in the case of refrigerators, switchgear, washing machines and telecommunications apparatus). On the supply side, the main obstacles to exporting would seem to reside in the fact that the industries in question were not intended for export in the first place, and the value added content is low and costs are high because of the preponderance of imported ingredients. On the demand side, the obstacles are to be found in the strong competition, on account of both price and quality, from other developed and developing - country suppliers, and the presence of similar industries in potential markets or the possibility of setting up such industries.

Nevertheless, the Syrian Arab Republic possesses some advantages - a favourable geographical position and a relatively skilled labour force - which could be built upon. Competitiveness and market access could be improved through the setting up of joint ventures with experienced companies from developed or other developing countries.

Expectations that part of the greatly enlarged cement production capacity would be directed towards external markets has not generally materialized. The fast growth in local consumption has coincided with large expansions in output in the neighboring markets, where construction activity has also been slowing down in the last few years. The availability of a surplus for export currently reflects the temporary constraint on cement absorption in the domestic market caused by shortages in associated construction materials (wood and steel). Thus, export prospects in the medium-term appear to be small as no new projects are envisaged. Any exportation is likely to be of an ad hoc nature, such as the contracts to sell 500,000 tons to Iran and 300,000 tons to Lebanon in 1984.

Based on actual performance, export prospects appear to be also favourable in the case of such products as pencils, cables, electrical engines, steam boilers, plastic articles (houses), storage tanks, and glass. Dependence on imported inputs in varying degrees raises costs generally and reduces competitiveness, making exports to the open markets difficult.

If the number of markets reached (see Appendix Table A-4) is an indicator to prospects, then possibilities, in addition to what has been discussed above, to expand exports would seem to exist for several products including manufactures of leather and wood; tulle, lace, ribbons, embroidery, etc.; blankets and travelling rugs; domestic stoves and cookers; domestic utensils of metal; furniture; travel goods; clothing; and leather footwear.

4. Market prospects

The geographical pattern of exports, and its evolution over the last decade (see Appendix Table A-3), provide some indication as to export market prospects in the coming few years. Countries of the ESCWA region have provided an important outlet for Syrian exports of manufactures and semi-manufactures, especially in the food and miscellaneous manufactures categories. The importance of this market for Syrian exports does not stem

only from the volume of trade transacted, but also from the fact that exports are spread over a large number of items and take place generally under competitive conditions. The recent loss in market position can be attributed to a number of factors including economic recession in the Gulf sub-region, unfavourable political relations with some countries and competition from developed and other developing countries' suppliers. The situation, however, is not irreversible and improved economic conditions and political relations can be expected to provide a strong stimulus to trade. This, with efforts on the part of Syrian exporters to become better acquainted with the changing requirements of the regional market and the type of competition prevailing and its source, it is not impossible to regain lost ground, or at least stop further erosion.

The potential of the rapidly growing trade among developing countries remains to be exploited by the Syrian Arab Republic. In 1983, developing countries outside the ESCWA region absorbed 29.3 per cent of Syria's exports of manufactures and semi-manufactures, compared to 6.3 per cent in 1979. This trade, however, is concentrated with a few countries (Iran, Cyprus, Singapore, Nigeria, Turkey, Sudan and Libya) and on one or a handful of products, Iran being the exception. Efforts to explore or pursue export possibilities in neighbouring countries such as Cyprus and Turkey, as well as with the North African countries, could be rewarding. And while the absence of exports to other developing countries in Africa and Asia may be an important obstacle to entering these markets, the selection of some "focal" markets with a view to ultimately spreading out trade connections may be helpful.

It should be stressed that the bulk of exports to developing countries has gone to Iran with which the Syrian Arab Republic has developed special political and economic relations.

Despite the trade and cooperation agreement concluded with the EEC since 1976, exports of manufactures and semi-manufactures to this market, with the exception of residual fuel oils, have remained limited in terms of both volume and item coverage. Improved prospects for Syrian exports to this dynamic market will depend on the ability to take advantage of the preferential clauses in the agreement by devoting more attention, than has been the case so far, to conform to stipulated requirements. Better prospects may be realized

in the EEC and other developed countries' markets through efforts to take advantage of the Generalized System of Preferences.

The European members, notably the U.S.S.R., of the Council for Mutual Economic Assistance have been absorbing the bulk of Syria's (non-fuel) exports of manufactures and semi-manufactures. Expanding exports to this market should not be difficult if exportables become available and other considerations do not favour exporting elsewhere.

SUMMARY AND CONCLUSIONS

The Economic Setting

The Syrian Arab Republic has a good agricultural potential which is complementary to conditions generally prevailing in the region, pointing to promising possibilities for expanding exports of agro-based industries. The only minerals of significance currently exploited are petroleum and phosphates in which the Syrian Arab Repulbic is not a major producer and export markets lie outside the region. It has also a reasonably well-educated population and trained labour force, a long mercantile tradition and is favoured by a strategic geographic location. The young age structure of its population implies a greater potential for mobility and adaptability to training.

Over the two decades spanning the years 1963-1983 real gross domestic product (GDP) grew at an average annual rate of 6.5 per cent with, however, wide year-to-year fluctuations and the bulk of the output increment realized in few years. While the need to divert substantial resources to defence and security and the erratic performance of the agricultural sector have exerted a pervasive influence on the underlying trend, the Syrian economy has responded to generally different impulses during different periods.

During the 1963-1973 decade, performance was adversely affected by the initial uncertainties that emerged in the wake of the nationalization measures of 1964-1965. On the positive side, the late 1960s witnessed the emergence of oil as a leading export, while the early 1970s coincided with initiatives to liberalize the economy and encourage the private sector. The rapid growth of GDP during 1973-1980, averaging 9.6 per cent per annum, was associated with a greatly improved ability to expand developmental spending made possible by the sharp expansion in foreign exchange receipts from exporting initially crude oil and then refined products, substantial transfers (mainly grants from Arab countries) and benefits accruing from the buoyant economic conditions in the region in the form of workers' remittances and increased volume of exports and transit trade. The early years of the current decade, in contrast, witnessed a sharp deceleration in economic growth, to an annual average of 4.3 per cent in 1980-1983. In part, this reflected the rapid catching-up process of fuel

imports with exports. Perhaps more significant have been the repercussions of the world economic recession and depressed demand for oil which manifested themselves in lower aid flows and workers' remittances from the traditional Gulf donors and employers of Syrian labour.

The satisfactory overall performance of the Syrian economy was associated with a rapid rise in the share of resources devoted to capital formation. After having dropped slightly to 15.5 per cent between 1963 and 1970, the investment coefficient rose sharply in the subsequent period to over one-fourth of GDP.

While economic expansion was virtually inflation-free up to 1973 the period since then has witnessed a relatively sharp rise in the overall price level to an average annual rate of 13 per cent. Price movements, however, were far from even, being largely concentrated in few years, notably 1974 and 1979-1981.

Erratic growth and price movements are not conducive to the smooth production and flow of exportable goods.

While significant structural shifts have taken place, the Syrian economy has remained largely service-oriented. Services have been generally gaining in importance at the expense of commodity production, accounting for 60 per cent of GDP in 1983. The most impressive change has been the more than trebling of the contribution of government services, from 5 per cent in 1963 to over 18 per cent in 1983. The combined share of mining and manufacturing increased sharply at first, attaining about 25 per cent of GDP in 1975, but then declined in the early 1980s to about 17 per cent - its level in 1963.

Structural imbalances are further revealed by the sectoral pattern of employment. In 1983, for example, the mining and manufacturing sector employed about 14 per cent of the economically-active population - a share in line with its contribution to GDP. Agriculture, continued to employ about 29 per cent of the labour force, compared to a GDP contribution of 18 per cent. Similarly, the share of construction in total employment was more than double its contribution to value added, highlighting the relatively low productivity in both sectors.

The availability of external resources has made it possible for the Syrian Arab Republic to step up sharply the rate of capital formation. At the same time it has meant a deepening of the country's external dependence and vulnerability. External financing was responsible for 55-60 per cent, on

average, of domestic capital formation after 1975, compared to an average of 28 per cent in 1971-1973.

While Government control over economic activity is predominant, the private sector continues to play an important role, reflecting both the desire of the Syrian authorities for it to assume an active role within the prevailing socio-economic philosophy, and a deep-rooted mercantile and entrepreneurial tradition. The share of the private sector in gross domestic capital formation has been significantly larger than anticipated, implying that it has continued to play a relatively more important role than a reading of the plan documents would suggest.

The position of the public sector in foreign trade is overwhelming. Between 1975 and 1984 its share in total exports seldom fell below 90 per cent. Since 1980, public sector imports have risen from 74 per cent to 92 per cent of the total. The sharp curtailment of imports seems to have cut more deeply into those of the private sector. It is important to note, however, that the private sector has been more active in exporting products originating in the manufacturing sector accounting, on average, for about one-fifth of the total in 1980-1983. The private sector, moreover, assumes a leading or significant role in the exports of all major manufacturing branches, the notable exceptions being chemicals and petroleum products where its share is marginal. The private sector is especially active in the export of semi-finished products and final consumption goods, accounting for an average of two-thirds in 1980-1983. The private sector assumes an important role in exporting products involving relatively labour-intensive processes and simple technologies in contrast to the public sector's involvement in generally more capital-intensive and technologically more sophisticated activities. Moreover, while exports of manufactures by the public sector are much more important in absolute terms, those of the private sector are more evenly distributed across the various industrial branches.

Performance and Selected Features of the Manufacturing Sector

The manufacturing sector has been a leading growth sector in recent years, expanding much faster than total output. During the second half of the 1970s, the index of manufacturing output grew at an average annual rate of 8 per cent, compared to 5.3 per cent in GDP. Manufacturing output picked up rapidly

in the early eighties, expanding by close to 15 per cent a year, on average, between 1980 and 1983, whereas GDP expanded by only 4.3 per cent. Performance in the second part of the 1970s was marked by rapid growth in chemicals, paper and paper products, and in non-metallic mineral products; and by virtual stagnation in the overall output of textiles and clothing. The improved performance in the first three years of the 1980s affected virtually all branches but especially chemicals, food and non-metallic minerals. The deceleration in output in most sectors in 1984, with the notable exception of the important chemicals branch, produced a small decline in the overall rate of expansion from the year before.

The manufacturing sector in the Syrian Arab Republic has been traditionally dominated by the branches producing food and textiles. By the early 1980s, however, the relative standing of the major manufacturing branches had altered drastically, with the share of chemicals in total gross manufacturing output rising further from 28 per cent in 1980 to 39 per cent in 1983, while that of food and textiles stood at 17 per cent each.

Industrial development in the Syrian Arab Republic proceeded, until the mid-1970s, almost exclusively along import-substitution lines. Exports developed essentially as a by-product of activities catering for domestic needs by processing agricultural raw materials and animal and vegetable products in which the country has a comparative advantage, the technology is simple and the processes involved are labour intensive.

The second half of the 1970s witnessed a significant departure from earlier trends which had continued into this decade. The shift is evident in the Fourth and Fifth Plans and finds expression in both the size and relative importance of investment allocations for manufacturing and in the increased emphasis on heavy and export-oriented industries. However, preoccupation with import substitution remained dominant.

The significant improvement in the share of manufacturing output exported, from about 11 per cent in 1973 to over 17 per cent in each of 1975 and 1980, was associated with a jump in the share of output exported in the textile and chemicals branch, as there was a sharp decline in the case of the food industry. The sharp drop in 1981 and virtual stagnation in the subsequent two years brought down the share of output exported in 1983 to virtually the same level of ten years earlier.

The degree of export-orientation appears to be larger in the case of public sector manufacturing activities relative to the private sector; the former exporting 14.4 per cent of its output in 1980-1983, on average, compared to only 7.4 per cent for the latter. The situation is similar in most sectors except paper, wood and fabricated metal products where the private sector exported a larger share of output. Both sectors, however, exported significant portions of their output of textile and chemical products.

Some of the more important products (e.g., fertilizers) in which the public sector is dominant are also ones being developed for export by other countries in the region which argues in favour of closer coordination to develop and penetrate export markets. Products produced by both the public and private sectors (e.g. textiles, leather and foodstuffs) face access problems in major developed countries, implying a need to cooperate at both the regional and inter-regional levels with other developing countries.

With respect to the organization and control of the manufacturing sector, the strong hold gained by the public sector as a result of the nationalization measures of the mid-1960s has been deepened further by the Government's policy to reverse exclusively for the public sector a domain of activities deemed to be strategic. The private sector, whose role is viewed as complementary, is permitted elsewhere, existing side by side with the public sector in several production lines, and being dominant in some others. Notwithstanding the fact that the activities of the private sector are concentrated in light manufacturing producing consumer goods and are scattered over a very large number of small units, the sector makes a significant contribution to output and exports, and dominates manufacturing employment.

The two sectors also differ substantially with respect to the degree of processing performed and productivity per person employed. It appears that the degree of processing performed by the public sector is significantly lower than in the private sector, reflecting perhaps the fact that activities by the former are geared largely towards producing intermediate and semi-finished products, while the latter is primarily engaged in producing final consumer goods. The higher average productivity in the public sector reflects partly the larger scale of production and its more capital intensive nature in general.

In 1975, public manufacturing enterprises were reorganized, for the third time, under six functional general organizations attached to the Ministry of Industry and covering food, sugar, textiles, cement, chemicals and engineering products.

"Organizational experimentation" has not been without cost from the point of view of efficiency. Some features of the present organizational set-up would seem to detract from the operational efficiency of existing enterprises, as well as the execution of new projects. These features include: the large number of units under each general organization; susceptibility to political considerations and, hence, difficulty of reconciling inherent conflicts among various objectives; limited staff and inadequate expertise; concentration of decision-making power; and, inadequate staff motivation and incentives.

The possibility of establishing new functional entities - the rationale of which could reside in considerations such as the size of operations, technological and capital intensity, and degree of export-orientation - should be investigated. The process will be more efficient if it is planned rather than left to emerge under pressure. At the same time, the pursuit of export objectives should be divorced, to the extent possible, from non-economic considerations which the general industrial organizations have to accommodate.

Product Composition and Geographical Distribution of Exports

Syria's total exports more than doubled between 1975 and 1983, rising from $930 million to $1,923 million; those of manufactures and semi-manufactures increased by about five-fold, from $103 million to $593 million, thus raising their share in the total from 11.1 per cent to 30.8 per cent.

Three-fourths of the increment in exports of manufactures and semi-manufactures consisted of manufactured goods whose share in total exports reached 23.1 per cent in 1983. Virtually the entire change in favour of manufactures and semi-manufactures appears to have taken place after 1979 as the overall structure of exports in that year was not significantly different from that prevailing in 1975. This occurred against a background of sluggish world economy and trade and a decline in Syria's exports of primary commodities.

The Syrian Arab Republic has been exporting varying amounts of a fairly large number of items, about 500 based on SITC 4- and 5- digit classification

nomenclature, reflecting the relatively diversified nature and potential for industrial exports. Of the 150 items listed in Table A-2 in 1983, exports of 41 items exceeded the value of $ one million each, accounting altogether for $572 million, or 96 per cent of all exports of manufactures and semi-manufactures. The average export value of the remaining 109 items was only $196 thousand. Moreover, of the leading export items, 12 had a value exceeding $10 million each and five between $5 - 10 million.

In addition to products exported in large amounts, the presence of a relatively large number of smaller items on the export list which have been exported on a continuous basis, and/or whose values have been rising, tend to confirm the existence of relatively well-established external markets and trading channels for such products and, hence, further export possibilities which should be pursued. It appears also that the Syrian Arab Republic has succeeded in introducing a number of new items, such as fertilizers. It has also managed to expand significantly, from a very small or negligible base, exports of several items.

Available partial information shows that for many of the more important items, the relatively high export levels attained in 1983 could not be maintained in 1984 where sharp cutbacks were recorded, and that in the case of only few products did export values rise significantly or maintain their level. The observed, and strong, fluctuations in exports of a large number of items may be indicative of the presence of unstable, and hence, unreliable markets and/or domestic constraints rendering the assessment of export prospects difficult. On the external side, political relations and market access may be important factors, while on the domestic front one must reckon with such factors as the influence of weather conditions on the availability of agricultural inputs, expansion in demand and the fact that production in the first place is aimed at the domestic market and that, accordingly, exports reflect the availability of a variable surplus.

Significant shifts have taken place in the composition of Syria's exports of manufactures and semi-manufactures since the mid-1970s, which became more pronounced in the early 1980s. Manufactured goods classified chiefly by material (SITC Section 6) and miscellaneous manufactured articles (Section 8) dominated exports in 1975, followed by beverages and tobacco (Section 1), mineral fuels (Section 3) and food (Section 0) accounting, respectively, for

35 per cent, 24 per cent, 12 per cent, 11 per cent and 6 per cent of the total. By 1979, exports of petroleum products (essentially fuel oils) had risen to rank second with a share of 27 per cent which rose further to 46 per cent in 1983 to make fuels the leading export category. At the same time, the share of chemicals (Section 5) more than doubled between 1979 and 1983 to account for 5 per cent of the total.

In both 1975 and 1979, the ESCWA region was by far the largest market for Syria's exports of manufactured and semi-manufactured goods, absorbing about 39 per cent and 48 per cent of the total, respectively. This share, however, fell below 10 per cent in 1983 on account of a decline in the absolute level of exports destined to the region, and a very sharp rise in exports going elsewhere. The drop in the value of exports to the region in 1983 was associated with the cessation of exports to Iraq and the fall in exports to other countries, notably Saudi Arabia and Jordan. The ESCWA region took over two-fifths of Syria's foodstuffs exports, close to one-third of machinery and transport equipment, and about one-sixth in the category of miscellaneous manufactured articles. Exports, moreover, were spread over a large variety and number of items.

As a result mainly of an upsurge in exports of residual fuels especially to Italy and to a lesser degree France, the European Economic Community (EEC) moved from second position in 1979 to become the largest importer of Syrian manufactures and semi-manufactures in 1983, absorbing some 32 per cent of the total. The EEC market took about two-thirds and one-half, respectively, of Syria's exports of residual fuel oils and dehydrated vegetables and some other items including grey cotton yarn in bulk and clothing.

Developing countries outside the ESCWA region overtook in relative importance the countries members of the Council for Mutual Economic Assistance (CMEA) with their share rising from 6.3 per cent in 1979 to 29.3 per cent in 1983. Over 87 per cent of the increment went to developing countries in Asia, reflecting largely the emergence of Iran as a leading market. The Asian developing countries absorbed over one-half of Syria's exports of manufactured goods classified chiefly by material, and about 20 per cent in the case of chemicals. The share of developing countries in Africa remained virtually unchanged with the additional exports (about $15 million) between 1979 and 1983 going to non-Arab African countries as exports to North African countries

were hardly changed. In contrast to exports to developing countries in Asia, these exports were spread over a much smaller number of items and were significant in the case of dried and preserved fruits, clothing and leather footwear.

The European CMEA countries, especially the U.S.S.R., have traditionally absorbed a large portion of Syria's exports of manufactures and semi-manufactures. In 1983 this share amounted to 26 per cent, accounted for almost entirely by the U.S.S.R. Exports to this market cover a wide variety of products, especially textiles and clothing, chemicals, foodstuffs and cigarettes.

The Syrian Arab Republic has been exporting negligible amounts to the important markets of the United States and Japan, as well as to other smaller but buoyant markets in Western Europe. Also, hardly any exports went to the Chinese market. Exports have been highly concentrated on a few countries. In 1983, for example, about 84 per cent of all Syrian exports of manufactures and semi-manufactures were absorbed by only eight countries, namely U.S.S.R. (25.8 per cent), Italy (20.8 per cent), Iran (17.2 per cent), France (8.1 per cent), Saudi Arabia (4 per cent), Singapore (3.9 per cent), Lebanon (3.4 per cent), and Jordan (1.6 per cent). Excluding fuels, the share of the U.S.S.R. rises to 47.4 per cent, Iran (31.6 per cent), Saudi Arabia (7.3 per cent) and Jordan (2.9 per cent).

Institutional Framework, Policies and Incentives for Export Promotion

The institutional framework for trade promotion and marketing within the public sector is mainly provided by the Ministries of Economy and Foreign Trade, Industry and Petroleum; and by the marketing boards for agricultural products, the general industrial organizations, and state trading agencies.

The bulk of Syrian exports is handled by public sector functional general organizations and commodity-oriented trading agencies. Some organizations carry out their own exporting operations. Others entrust them to specialized trading agencies. The latter approach, however, detaches the production from the export operation and is probably a less efficient practice. Opinions differ as to who should do the exporting: the producing organization or the counterpart trading entity. Irrespective of which of the two approaches is adopted, the main constraint will remain for some time the lack of qualified

cadres, which argues in favour of setting up focal points, to deal with export development and promotion, or strengthening existing ones, in the general industrial organizations.

The private sector has remained rather inadequately organized to handle exports being hampered essentially by lack of information on overseas markets, selling techniques abroad and foreign exchange constraints. The existence of a very large number of small enterprises has complicated the problem since it is difficult for small firms to reach the international market. Its ability to assume a more dynamic and effective role has been hampered by weak communication with the public sector and by restrictions on exporting directly, or by acting as agent, goods produced in the public sector. However, the situation in this respect has been improving recently. Representatives of the private sector are now members of the Import and Export Rationalization Committee which looks into external trade policies. These representatives have also been participating in assessing achievements under the Fifth Plan and in discussions preceding the formulation of the Sixth Plan.

While the involvement of the private sector has remained essentially of a consultative nature, its significance derives from the fact that it reflects a rising awareness on the part of the Syrian authorities of the potential of, and desire to enable, the private sector to assume a greater role in the development effort. Of crucial importance to the success of efforts in this respect is the strengthening of channels of communications and dialogue between the public and private sectors. Indications are that the thinking and steps along these lines are beginning to yield results that could be translated in the formulation of a clear investment programme for the private sector in the forthcoming plan, the promotion of joint ventures, including activities previously reserved for the public sector, and the setting of a more realistic exchange rate.

The five-year planning perspective provides too short a horizon for inducing more active private sector participation. Long-term guidelines delineating areas for private sector involvement are more effective; a corrollary of this is the need to avoid reversals of measures and tendencies because of the disruptive effects this can have on the state of confidence and expectations. At the operational level, consideration should be given to allowing the private sector to export, directly, goods produced by the public

sector, or by acting as agent. Joint marketing activities with public sector trading companies, or through new entities set up for that purpose, provides another means of taking advantage of the flexibility and responsiveness of the private sector to profit incentives and the constantly changing pattern of international trade. The private sector itself ought to consider the possibility of setting up collective exporting arrangements to overcome the difficulties inherent in having too many small firms.

An important aspect of the overall institutional framework affecting exports is the exchange rate system in effect.

The Syrian Arab Republic maintains three exchange rates: the official, the parallel and the tourist rate, of which the first two are relevant for trade transactions. Because of the large difference between the official and parallel rates, it makes a great deal of difference which rate is used for importing and the surrender of export proceeds. The system has been designed in favour of the public sector though in recent years it has been modified to accommodate partly the private sector.

The trend to raise the share of export earnings surrendered at the parallel exchange rate culminated in May 1985 in unifying the rate at 100 per cent for product categories that benefited earlier from lower rates.

The steps taken to successively expand the number of items surrendered at the parallel market rate is a step in the direction of redressing the large gap between the official market rate of exchange and the unofficial one. However, the items that have thus become eligible for full surrender of export earnings at the parallel rate represented about 43 per cent of the value of non-fuel exports in 1983, notably textiles, leaving still a substantial share of exports that could benefit from a similar treatment.

The extent to which these developments can be regarded as offering incentives to exporters is questionable in view of the long time it took to bring them about and, in the meantime, the rapidly widening gap between the parallel and unofficial exchange rates; by September 1985, the latter was more than double the former. This adversely affects the private sector in particular which has to pay for its imports at the international market rates, while obtaining about one-third or one-half of that rate for their exports depending on whether the surrender is effected at the official or parallel market rate; public sector exporters could also be indirectly affected. While

it is true that public sector imports are paid for at the official exchange rate and the bulk of their exports at the parallel rate, for those enterprises where domestic inputs are dominant or overpriced, the surrender of exports at the parallel rate will affect the balance sheets adversely by reducing their ability to show profits and, consequently, distribute bonuses or rewards with a negative impact on morale and incentives. Thus, to be effective, moves to redress the adverse effects of large discrepancies between the actual market rate of exchange and those at which export proceeds are surrendered should be prompt as hesitation and protracted action will have harmful consequences.

The Syrian Arab Republic has concluded a large number of agreements (trade, payments and economic cooperation) with most countries of Western Asia, as well as other countries, notably east European socialist countries. It has also entered into agreements with Sri Lanka, Vietnam, China, Democratic Republic of Korea and more recently (1982) with Iran. As to developed market economies, it was only in 1976 that a major trade and cooperation agreement was signed with the EEC. The Syrian Arab Republic has also been active in the various multilateral attempts aimed at promoting intra-regional trade.

With respect to agreements concluded with other countries in the region, it would appear that bilateral and less politically-inspired arrangements have had a more lasting impact on Syria's exports than politically-motivated and multilateral ones. Of the earlier agreements, with other countries, and with the exception of the active one with the U.S.S.R., the rest have been either inoperative or operating at low levels in recent years. The U.S.S.R. was Syria's leading export market for manufactured and semi-manufactured goods in 1983 (excluding fuels). The trade and cooperation agreement concluded with Iran on 3 April 1982 has been felt immediately with Syria's exports of manufactures and semi-manufactures to that country attaining $102 million in 1983 to make it the second largest market for such products.

The commercial component of the trade and cooperation agreement signed with the EEC in 1976 does not appear to have had a significant impact on Syria's exports, at least in terms of product diversification. Syria's potential exports to this market, notably textiles and foodstuffs, continue to face restrictions resulting from the application of the Multifibre Agreement (MFA) in the first instance, and the community's agricultural policy in the second. The advantages and disadvantages of this agreement to the Syrian Arab

Republic should be assessed. Also, the possibilities for promoting the setting up of some joint industries in the Syrian Arab Republic by attracting European investors should be looked into since the agreement with the EEC contains also provisions for technical and financial cooperation.

The Syrian Arab Republic would also appear to have benefited very little, if at all, from the introduction of the Generalized System of Preferences (GSP), or the conclusion subsequently of the Tokyo Round of Multilateral Trade Negotiations (MTN).

Given the overwhelming importance of trade and payments agreements in the context of Syrian export trade, they should be used as dynamic instruments of trade free, to the extent possible, of political influences. They should provide a framework for a steady flow of trade by creating a lasting nucleus of interest on both sides which is not, as the current practice, tied to specific deals and dependent on the availability of an export surplus. The involvement of exporters from the public and private sectors in negotiations, and the assurance of supplies as stipulated will help to attain this objective.

Export incentives have not gone much beyond the subsidization of exports of cotton yarn and fabrics and the refunding of import duties and related taxes under certain conditions. Thus, possibilities of extending financial support to other commodities should be investigated and formalities and procedures simplified. But more important is the need to ensure adequate financing for export operations so as to relieve exporters, particularly in the private sector, from having to finance their own export operations. Consideration should also be given to export-credit guaranteeing. Since such a facility may be difficult to set up at the national level, the alternative is to think in terms of a regional or sub-regional export-credit guarantee scheme. In this connection, it is worth noting that the Inter-Arab Investment Guarantee Corporation has recently extended its operations into this domain.

In their efforts to promote industrial exports, the Syrian authorities transformed in 1970 the Fund for the Promotion of Cotton Yarn and Textile Industries into a more General Fund for the Development of Exports of Industrial Products. This did not, in practice, change the nature of operations. In addition to export subsidization, the tasks assigned to the Fund included: Planning export promotion policy for Syrian manufactured products; carrying out market studies; offering paid consultancy services to

public and private enterprises, collecting information on external markets; and, preparing participation in international fairs.

The fund was in turn transformed in 1978 into the Centre for External Trade with enlarged functions including: undertaking studies on export capacity; ensuring the conformity of exports to desired specifications and quality standards; determining industries the products of which need support to become competitive; formulating recommendations with respect to export industries or orienting industries towards exporting; dealing with all issues relating to the GSP so as to make full use of it; and, preparing studies and extending advice on the world market situation for imported products.

So far, the activities of the Centre have not gone much beyond those of the Fund which it replaced. Apparently, it sill awaits being provided with resources.

The similarity in objectives and functions between the Centre and its predecessor, and the fact that the former has not been very active, implies that the problem lies more in the application than in the adequacy of legislation and institutions. The seriousness of intentions with respect to exports may be partly gauged by the speed with which the Centre will be endowed with resources to enable it to discharge the functions entrusted to it. The effectiveness of the Centre would be enhanced by establishing working links with the private sector if it does not prove feasible to have it represented in the management of the Centre, even in a consultative capacity. Similar links should be evolved with the General-Industrial Organizations and State trading agencies. Also, given its wide-ranging responsibilities, the Centre should be initially selective in choosing the areas to be stressed in order to avoid the dissipation of limited resources. This applies in particular to the choice of export industries to be assisted which should be based on an analysis of foreign market potential and the conditions which make Syrian products acceptable there.

The Syrian authorities have also been trying to ensure - through the Standardization and Metrology Organization -- that export products confirm to the requirements of external markets. It appears, however, that the enforcement of export specifications has generally been undertaken on a contract-by-contract basis, with an agreed upon foreign firm often supervising the process. Since specifications tend to change from one contract to the

other, the advantages of continuity and the establishment of a name in the market are lost to the Syrian exporter. Thus, the Organization should endeavour to lay down specifications and standards for exportable products of a more lasting nature that do not vary from one contract to another and to make exports, at least to free markets, subject to inspection.

Another vehicle used, without apparently much success, for promoting Syrian exports has been the free zones. Their operations are currently being reassessed. There seems to be merit in discontinuing the practice of allowing firms located in the free zones to sell part of their output in the domestic market as this can reduce the incentive to export. However, these firms could be allowed to continue exporting under a Syrian certificate of origin so as to benefit from existing preferential arrangements.

Factors Influencing Exports

Perhaps the most significant factor limiting the development of export industries is to be found in the overall orientation of the industrial development strategy and policies. The main thrust of industrial development has remained inward-looking notwithstanding the shift in thinking towards regarding exports as an important element in the industrialization process, and the efforts mounted by the Syrian Arab Republic to direct a greater portion of investment allocations in favour of export-oriented industries. While awareness of the importance of promoting exports is expected to deepen, the situation may not change significantly during the Sixth Development Plan unless the expressed interest and enthusiasm are reflected in appropriate measures and policies.

Another relevant aspect of the overall industrialization and trade policy concerns the role of the private sector. The desire of the Syrian authorities to enable this sector to play a more effective - though complementary - role consistent with its potential is still hampered by problems of spelling out the appropriate modalities that could remove uncertainties and limitations and give the private sector confidence.

The development of export industries is also constrained by some features of the domestic market. First, in terms of production thresholds that need to be attained for benefits from economies of scale and externalities to arise, the size of the Syrian market for most manufactured goods is inadequate,

making production possible only with protection. The ability to export under competitive conditions will thus be impaired unless the initial vision of the market is enlarged to encompass exporting.

The changes which have been taking place in favour of export promotion, and the relative success achieved in expanding exports of manufactures and semi-manufactures, should lead to a gradual opening up of the manufacturing sector to competition if progress along this path is to continue.

Second, the rapid growth of internal demand which has been associated with rising population numbers and incomes, as well as changing tastes, have tended to reduce export availabilities in some cases (e.g., refined products) or eliminate them completely in others (e.g., cement). Competition between domestic claims and exports have also resulted in sharp fluctuations in exports depending on which of the two claims was accorded priority. A solution to these problems may be sought in raising prices sufficiently to curb demand, or by setting aside a portion of output for export purposes. Such measures to be effective need to be based on knowledge of actual and future trends in the supply of and demand for the products concerned. Thus, it is important not to allow the growth in domestic demand to cause the flow of exports to stop even if it means that part of that demand be met from imports, given the difficulty, and sometimes impossibility of regaining access to a lost market.

In view of the dependence of important export industries on agricultural inputs, the slow growth and fluctuations in agricultural production have exerted a depressing influence on the overall performance and efficiency of export industries. The heavy dependence of Syrian manufacturing on imports, coupled with the fact that the high and growing levels of imports and domestic capital formation realized after 1973 were made possible largely through external financing, render plan fulfilment highly dependent on the availability of sizeable and continuous flows from abroad. These flows have dropped considerably in recent years at a time when export earnings were also under pressure. The negative implications of this situation have been felt through the tightening of import restraints and administrative controls, affecting directly the ability to acquire raw materials and equipment, and the pace of economic liberalization, affecting especially the private sector. Expectations that substantial external resources would be forthcoming could have also encouraged the formulation of over-ambitious plans which not only

tax the limited planning and implementation capabilities available, but also cause interruptions or postponement of project execution when resource shortfalls occur.

The more commonly voiced concern affecting the development of export industries focuses on manpower shortages. The task of the public sector in this respect is made more difficult by the high rate of turnover in favour of the private sector and the attraction of the lucrative conditions in neighbouring Arab countries. This is a pervasive issue affecting both industrial production and export. It is an issue which has to be tackled basically within a long-term manpower development perspective. In the medium-term, however, resort can be made to intensive training for selected and key officials engaged in exporting activities and increasing staff motivation with material and non-material incentives, such as study leaves and training abroad which could be very attractive.

These structural factors affect the production and marketing of exportable products in several ways. They also find expression in the nature of the institutional framework for export promotion.

Export industries have faced problems in connection with raw materials. Irregular deliveries and price fluctuations -- and at times the fixing of high prices - have adversely affected export industries which are dependent on the processing of locally-produced vegetable and animal products. In turn, industries relying on imported raw materials have suffered from foreign exchange shortages and complicated allocation procedures. Public enterprises suffer directly being totally dependent on allocations through the foreign exchange budget. The private sector is affected to the extent it finances imports at the parallel rate of exchange, since priority is accorded to public sector enterprises. The cost of self-financing will also rise since foreign exchange scarcities push the actual rate of exchange up.

Giving priority to exporting industries in the allocation of foreign exchange should help to reduce the disruptive effects resulting from shortages in imported raw materials and inputs. The problems associated with the supply and cost of agricultural materials are of a long-term nature and would have to be resolved within the context of developing the agricultural sector in general. However, excessive pricing in the case of agricultural inputs used in export industries should be avoided. These industries ought to pay for

their inputs at the prevailing market prices, with the Government subsidizing farmers rather than including the subsidy element in the price paid by industry.

Shortages of foreign inputs and slow growth and fluctuations in agricultural output have contributed to the under-utilization of existing production capacity, thus reducing efficiency and raising costs. These costs, notably in public sector enterprises, have also been high on account of shortages in manpower, high turn-over rates, and redundant employment in some cases. The policy of providing employment and guaranteeing job security have mitigated against disposing of excessive labour. In addition to lower productivity and inadequate quality, this has hampered the rationalization of production operations and resulted in the maintenance of some units which are not economically viable. The current thinking to merge small enterprises should be encouraged as it could lead to significant savings in overall administrative costs. Further savings could result from having plants with similar operations located in one industrial complex.

Productivity and capacity utilization have also been negatively affected by neglect to carry out plant modernization, reflecting a tendency to utilize public funds mostly for setting up new projects and the inadequacy of self-financing.

The combined effect of these unfavourable features has been to raise the price of Syrian exportables and reduce or eliminate their competitiveness, thus rendering exports increasingly dependent on "organized" trade channels.

Syrian exports have also been at a disadvantage on other grounds. The consequences of inward-looking industrialization have been that little attention was paid to the development of export industries and mechanisms. Production for a protected market in which demand was rising fast has reduced the incentive to export and rendered preoccupation with exporting a rather marginal concern. As a result, the commercial organization for exporting has remained highly inadequate and "export consciousness" weak in general. The Syrian exporter is at a great disadvantage vis-a-vis his competitors because of poor knowledge or ignorance of market conditions and means for dealing with them whether regarding consumers' tastes, nature of prevailing competition, or the advantages of preferential trade and payment arrangements. Lack or weak personal contacts, aggravated by low travel funds, have also contributed to

weaken the commercial organization for exporting. In this, the mobilization of Syrian diplomatic missions abroad to participate in trade promoting activities could partly fill the gap.

Activating "export consciousness" is, at this stage, a most important prerequisite for the expansion of exports of manufactures and semi-manufactures. Its success requires the involvement of both the public and private sectors. Lectures, seminars and training on the advantages of developing exports and how to reach foreign markets are important tools towards this end.

The difficulty of penetrating foreign markets in general has led Syrian exporters to concentrate efforts on their traditional markets in neighbouring Arab countries, resulting in excessive and harmful competition among them. At the same time, they have not been able to keep abreast of developments in these markets thus losing ground in favour of more aggressive competitors. From his end, the Syrian exporter has not paid sufficient attention to the important issues of quality control, product specification and differentiation, or the creation of a "brand" name, and product appearance (packing and packaging).

In several respects, the pattern (product composition and destination) of Syria's exports of manufactures and semi-manufactures has not been conducive to rapid growth and diversification.

In general, world demand for the <u>type of products</u> exported by the Syrian Arab Republic has been sluggish, tending to depress prices and limit market options. Leading exports such as textiles, clothing and foodstuffs, are regarded as "sensitive" products in the markets of major developed economies, and are denied access on such grounds as avoidance of "market disruption" and hence the need for "organized" or "managed" trade and "orderly" marketing arrangements as in the case of textiles and clothing where exports from developing countries take place under the restrictive provisions of the Multifibre Arrangement (MFA); or in the case of foodstuffs by a host of non-tariff barriers. Such attitudes have also served to deny developing countries the advantages of multilateral trade preferential arrangements and negotiations such as the Generalized Scheme of Preferences (GSP) and the Tokyo Round of Multilateral Trade Negotiations (MTN). Concerted efforts with other countries of Western Asia and other Arab countries, and developing countries

in general, are needed to gain improved access to the markets of developed countries, benefit from the GSP and MTN and future multilateral preferential arrangements and trade negotiations.

The position of the Syrian Arab Republic in its traditional markets in the region has also been undermined by competition from other developing country suppliers whose comparative advantage - deriving from such factors as cheap and skilled labour, and an outward-looking industrialization strategy coupled with an aggressive export policy - has proven adequate to offset some of the advantages Syrian exporters had enjoyed from proximity, availability of raw materials and early entry.

In some product lines, such as cement and mineral waters, the possibility of exporting is increasingly rendered difficult by the development of similar industries in neighbouring markets. Such problems could be anticipated by knowledge and coordination, of industrial development plans in countries constituting actual or potential markets for Syrian products.

There is also a number of shortcomings inherent in the existing geographical pattern of exports. The concentration of exports on a few countries increases vulnerability to exogenous economic and political conditions by reducing the ability and flexibility to respond to changes in economic conditions and abrupt reversals in political relations. The prevailing export pattern reflects the strong influence of political factors on trade performance. Witness in this respect, for example, the emergence of Iran after 1982 as the second largest importer of non-fuel manufactured and semi-manufactured goods; the demise of the important Iraqi market after 1979; and the prominent position occupied by the U.S.S.R.

Another inherent shortcoming of the existing geographical pattern is the failure of Syrian exporters to penetrate the important markets of the United States and Japan, as well as other smaller but buoyant Western European markets. Aside from residual fuel oils and limited quantities of other items, such as dehydrated vegetables, there does not also seem to have been much success in the large and dynamic EEC market. Access of Syrian exports, particularly textiles, to the EEC market may not have appeared to be a pressing problem, given the availability of alternative markets. In the long-term, however, the EEC presents a very large and dynamic market in which trade is generally carried out under competitive conditions in contrast to the

bulk of Syria's current trade which takes place under various types of arrangements.

The decline in the share of exports going to the regional market signals a failure to maintain a market position in which the Syrian Arab Republic is presumably favoured by such factors as geography, preferential treatment, familiarity with the market and established trading links. The importance of this market stems from the fact that Syrian exports to it not only cover a large number and variety of items, but also because trade is carried out essentially under competitive conditions.

The direction of export flows reveals very little in terms of efforts to export to non-Arab developing countries. This marks a failure to take advantage of the fastest growing component of international trade, namely that among developing countries. The Syrian Arab Republic, in cooperation with other countries of Western Asia, needs to become increasingly involved in current efforts to promote trade among developing countries, notably through the establishment of a Global System of Trade Preferences (GSTP) among developing countries and cooperation among their State trading organizations. Promoting economic and technical cooperation among developing countries represents an important step on the part of these countries to free themselves from the long-standing notion that virtually links their economic progress with the economic well-being of the developed countries.

Prospects

The prospects for exports of manufactures and semi-manufactures from the Syrian Arab Republic in the coming few years will be affected by a number of broad considerations including: ability to move away gradually from the overwhelmingly inward-looking industrialization policy pursued so far to a more open and export-oriented policy; continuing to take advantage of the country's agricultural and mineral resources, and its geographic position to shift the composition of exports from raw materials to manufactured and semi-manufactured goods by increasingly substituting the former by their manufactured derivatives such as from hides and wool to leather products, woolen carpets and rugs; reconciliation between the often conflicting claims of domestic demand and the need to export; extent to which the private sector is enabled to exploit its potential and experience in industrial production

and exports; consistency of exchange rate policies with export promotion; adequacy and cost of raw materials (domestic and imported), export financing and working capital; conformity of products to external markets' requirements with respect to price and quality, including appearance (packing and packaging); effectiveness of export organization and incentives and ability to negotiate, or take advantage of, trade agreements; maintenance and/or regaining lost positions in established markets (e.g., in the region), or maintaining newly acquired markets such as Iran.

At the product group or product level exports of textiles - in which the Syrian Arab Republic has a comparative advantage, long exporting experience and an established name - should continue to expand especially yarn and thread where compliance with foreign markets' requirements are relatively easy to achieve. Exporting fabrics and clothing could present more difficulty on this account where the flexibility and responsiveness of the private sector are likely to be helpful.

It should also be possible to translate some of added capacity in the case of fertilizers into exports, once the technical problems which have been holding down production of phosphatic fertilizers are overcome, and costs are reduced by the replacement of naphtha by natural gas in the case of azotic fertilizers.

With respect to refined oil products an expansion in exports - given that the Syrian Arab Republic is a very small producer - will depend, barring the exploitation of new oil resources, on the policies that will be adopted to curb the sharp rise in domestic demand for such products.

The Syrian Arab Republic has been exporting relatively significant quantities of dried and preserved fruits and of preserved and dehydrated vegetables (apricot paste, dried figs and dehydrated onions). Small quantities of tomato paste have also been exported. Further expansion of exports will depend essentially on the availability of a growing and interrupted supply of inputs and domestic demand. Exports of dehydrated onions and tomato paste could rise as a result of current efforts to extend cultivation to new areas in the first instance, and the addition of production lines, in the second, as demand exists for both products.

Significant and growing amounts of items produced in the chemicals branch (notably paints and varnishes; perfumery and cosmetic products; and soaps)

have been exported, as well as varying amounts of detergents. Further exports will depend on the availability of imported inputs and decisions regarding the allocation of output between the domestic and external market.

As far as assembled engineering products, there has been little success in exporting despite the presence of considerable unused capacity. Costs have remained uncompetitively high because of heavy dependence on imported components, while competition is strong in the potential markets from developed and other developing country suppliers, and the presence of similar industries or the possibility of setting up such industries. Competitiveness and market access, however, could be improved through setting up of joint ventures with companies from developed and other experienced developing countries.

Any exportation of cement is likely to be of an ad hoc nature given the strong domestic demand, the existence of surplus capacity in potential neighbouring markets and the slowing down of construction activity there on account of recession and previous investments.

Export prospects appear to be also favourable for pencils, cables, electrical engines, steam boilers, plastic articles (houses), storage tanks and glass. Cost considerations, however, render exports to open markets difficult.

If the ability to sell in several markets is any indicator to prospects, then possibilities for expanding exports would seem to exist for such products as blankets and travelling rugs; domestic stoves and cookers; domestic utensils of metal; furniture; travel goods, clothing; and, leather footwear.

The geographical pattern of exports provides some indication as to export markets prospects. The loss of position in the regional market is not irreversible. Improved economic conditions and political relations can provide a strong stimulus to trade. However, efforts are needed to become better acquainted with the changing requirements in the regional market and the type of competition prevailing and its source - efforts in which the private sector can play an important role.

The rapidly growing trade among developing countries offers opportunities for expanding Syria's exports of manufactures and semi-manufactures. So far exports have concentrated on few countries and products (with the exception of the leading market of Iran). Efforts to explore or pursue export

possibilities in neighbouring non-Arab countries, such as Cyprus and Turkey, as well as with North African, and other developing countries in Africa and Asia could be rewarding.

The trade and cooperation agreement of 1976 with the EEC provides considerable scope for expanding exports than has been the case hitherto. Exports to developed market economies can also expand if advantage can be taken of the Generalized System of Preferences and the results of multilateral trade negotiations.

Expanding exports of manufactures and semi-manufactures to the traditionally importrant European members of the Council for Mutual Economic Assistance, especially the U.S.S.R., should not be difficult if exportable products become available and exporting elsewhere is not preferred.

APPENDIX A: STATISTICAL TABLES

Table A-1. Syrian Arab Republic: Production of Selected Industries, 1975 and 1979-1983
(In thousands of tons unless indicated otherwise)

	1975	1979	1980	1981	1982	1983	1984
Food, beverages & tobacco							
Preserved foods	10	9	10	12	13	26	16
Olive oil	33	40	83	45	95	27	51
Vegetable oil	22	26	21	20	20	24	24
Margarine	7	6	7	7	8	7	9
Biscuits	4	6	7	8	10	11	8
Macaroni	6	8	9	12	14	15	15
Sugar	117	118	90	148	183	206	199
Tobacco & tambac	7	9	9	10	11	13	13
Textiles							
Cotton yarn	32	25	21	31	28	37	34
Silk & cotton textiles		16	17	17	18	25	38
Wool yarn	1	1	2	2	1	2	2
Silk yarn	2	2	2	2	2.7	2.7	2
Woolen cloth (ton)	1536	1192	1129	1897	1049	1578	1583
Nylon industrial threads (ton)	258	1334	1337	1374	1382	2110	3576
Underwear (thousand dozens)	1284	1490	1393	1605	1689	1438	1569
Stockings (thousand dozens)	1373	1411	1478	1499	1606	1623	1786
Wool carpets (thousand sq.m.)	287	365	376	483	412	588	517
Silk carpets (thousand sq.m.)	531	632	651	682	707	1586	480
Chemicals							
Fertilizers (Azotic)	86	76	48	60	117	113	110
Fertilizers (phosphatic)	-	-	-	68	116	116	191
Paints	3	6	7	7	9	14	9
Soap	29	37	37	46	48	52	47
Detergents (ton)	6831	6833	7519	10410	16242	25825	23177
Rubber shoes (thousand pairs)	634	767	960	685	738	806	752
Plastic shoes (thousand pairs)	3112	406	938	999	718	851	795
Metals							
Iron bars	85	93	80	102	67	84	84
Cables	6	4	9	10	13	14	11
Mineral products & equipment							
Cement	994	1847	1995	2310	2850	3719	4279
Glass & pottery	25	29	39	52	44	38	56
Liquid batteries (thousands)	82	159	157	133	172	226	225
Regrigerators (thousands)	52	98	139	146	148	141	111
Washing machines (thousands)	20	25	26	44	54	44	52
Television sets (thousands)	39	71	72	47	59	49	31
Cookers & ovens (thousands)	14	19	25	31	37	36	24
Electrical engines (thousands)	29	59	65	85	89	91	202
Electrical transformers (thousands)	40	316	942	765	551	623	897

Source: Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract (various issues)

Table A-2. Syrian Arab Republic: Exports of Manufactures and Semi-Manufactures by Major SITC (Rev.1) Sections, Groups and Products 1/ 1975, 1979 and 1983

SM	SITC Code	Description	Thousand dollars 1975	1979	1983	Per cent of total 1975	1979	1983
Section 0:		Food	6363	15163	17404	6.20	7.70	2.94
	048	Cereal preparations	368	739	46	0.36	0.38	0.01
M	048.8(2)	Pastry, biscuits, cakes, etc.	368	739	46	0.36	0.38	0.01
	052	Dried fruit	234	488	2456	0.23	0.25	0.41
M	0520(2)	Figs dried	138	469	2456	0.13	0.24	0.41
	053	Fruits, preserved & fruit preparation	2957	5756	9108	2.88	2.95	1.54
M	053.3	Jams, marmalades, fruit jellies,etc.	2917	5602	9051	2.83	2.86	1.53
	055	Vegetables, preserved or prepared	1910	5330	4468	1.86	2.73	0.75
M	055.1	Vegetables, dehydrated (excl.legumes)	990	2993	2872	0.96	1.53	0.48
M	055.5(1)	Vegetables & fruits in vinegar	64	23	13	0.06	0.01	-
M	055.5(2	Vegetables otherwise preserved, n.e.s.	856	2314	1583	0.83	1.18	0.27
	062	Sugar confectionery & preparations (excl. chocolate)	879	2639	1188	0.86	1.35	0.02
M	062.0(1)	Sugar confectionery, not containing cocoa, chocolate	879	2639	1188	0.86	1.35	0.02
	099	Food preparations, n.e.s.	5	131	64	..	0.07	0.01
M	099.0(7)	Vinegar & substitutes	4	22	64	-	0.01	0.01
Section 1:		Beverages & tobacco	11971	2855	13960	11.67	1.46	2.36
	111	Non-alcoholic beverages	199	2333	1535	0.19	1.20	0.26
M	111.0(1)	Water, ice & snow	166	2274	1535	0.16	1.16	0.26
	112	Alcoholic beverages	84	522	..	0.08	0.27	-
	122	Tobacco manufactures	11688	..	12425	11.39	..	2.10
M	122.2	Cigarettes	11688	..	12425	11.39	-	2.10
Section 2:		Crude materials, inedibles, except fruits	440	336	78	0.43	0.17	0.01
	267	Waste materials from textile fabrics	375	336	78	0.36	0.17	0.01
S	267.0(2)	Rags, waste cordage, etc.	87	47	78	0.08	0.02	0.01
Section 3:		Mineral fuels, lubricants & related materials	11507	53154	270961	10.93	27.23	45.77
	332	Petroleum products	11507	53154	270961	10.93	27.23	45.77
M	332.1	Motor spirit	2	2	25794	-	..	4.35
M	332.2	Lamp oil & white spirit (kerosene, etc.)	1073	26722	3949	1.04	13.64	0.66
M	332.4	Residual fuel oils	10181	25896	238957	9.89	13.22	40.29
M	332.9(4)	Petroleum coke	74	232	2184	0.07	0.12	0.37
M	332.9(6)	Bituminous mixtures	88	40	70	0.09	0.02	0.01

Table A-2. (Cont'd.)

SM	SITC Code	Description	Thousand dollars 1975	1979	1983	Per cent of total 1975	1979	1983
Section 5: Chemicals			2167	4473	29505	2.11	2.29	4.98
	512	Organic chemicals	27	215	809	0.03	0.11	0.14
S	512.2(4)	Ethyl alcohol & denatured spirits	13	182	34	0.01	0.09	0.01
S	512.7(4)	Nitrogenous fertilizers	-	-	775	-	-	0.13
	513	Inorganic chemicals	4	38	338	-	0.02	0.06
S	513.3(1)	Hydrochloric & chlorosulphuric acids	-	-	304	-		0.05
	514	Other inorganic chemicals	77	696	-	0.08	0.36	-
	533	Pigments, paints, varnishes, etc.	61	458	4320	0.06	0.23	0.73
M	533.3(2)	Varnishes, lacquers, etc.	61	458	4320	0.06	0.23	0.73
	541	Medicinal & pharmaceutical products	170	18	71	0.16	0.01	0.01
M	541.7	Medicaments	36	-	57	0.04	-	0.01
	551	Essential oils, perfumes & flavour materials	131	1	-	0.13	-	-
	553	Perfumery & cosmetics, etc.	1133	315	17182	1.10	0.16	2.90
M	553.0	Perfumery & cosmetics, etc.	1133	315	17182	1.10	0.16	2.90
	554	Soaps, cleansing & polishing preparations	16	2058	4145	0.02	1.05	0.70
M	554.1	Soaps	-	193	3285	-	0.10	0.55
M	554.2	Washing preparations, etc.	12	1609	243	0.01	0.82	0.04
M	554.3	Polishes preparations	4	256	617	-	0.13	0.10
	561	Fertilizers, manufactured	-	-	2419	-	-	0.41
S	561.2	Phosphatic fertilizers	-	-	2419	-	-	0.41
	581	Plastic materials & artifical resins	118	407	10	0.12	0.21	-
S	581.2	Products of polymerization, etc.	117	69	10	0.12	0.04	-
	599	Chemical materials & products, n.e.s.	205	262	211	0.20	0.13	0.04
M	599.2	Insecticides, disinfectants preparations	55	-	26	0.05	-	-
SM	599.9(5)	Varnish solvents & thinners	71	53	137	0.07	0.03	0.02
Section 6: Manufactured goods classified chiefly by material			36086	60324	171184	35.18	30.91	28.92
	611	Leather	306	2281	1363	0.30	1.17	0.23
S	611.4	Leather of other bovine & equine leather	298	470	45	0.29	0.24	0.01
S	611.9(2)	Leather of goat & kid skins	-	1165	1318	-	0.59	0.22
	612	Manufactures of leather	83	267	79	0.08	0.14	0.01
S	612.1	Machine leather belting, etc.	-	163	64	-	0.08	0.01
S	612.3	Prepared parts of footwear	61	64	15	0.06	0.03	
	621	Materials of rubber	200	208	114	0.19	0.11	0.02
S	621.0(3)	Vulcanized rubber thread & cord	200	208	114	0.19	0.11	0.02
	629	Articles of rubber, n.e.s.	130	625	182	0.13	0.32	0.03
M	629.1	Rubber tyres, tubes	50	500	81	0.05	0.25	0.01
M	629.9(8)	Unhardened rubber products	51	76	47	0.05	0.04	0.01
M	629.9(9)	Hardened rubber products	10	44	54	0.01	0.02	0.01
	632	Wood manufactures, n.e.s.	720	2657	679	0.70	1.36	0.11
M	632.1	Boxes, cases crates	400	1838	-	0.39	0.94	-

Table A-2. (Cont'd.)

SH	SITC Code	Description	Thousand dollars 1975	1979	1983	Per cent of total 1975	1979	1983
M	632.4	Builders woodwork & prefabricated building	6	97	73	-	0.05	0.01
M	632.7(2)	Household utensils of wood	42	56	98	0.04	0.03	0.02
M	632.7(3)	Domestic or decoration wood articles, n.e.s.	226	558	381	0.22	0.28	0.06
M	632.8(1)	Tools, handles, etc. of wood	14	64	99	0.01	0.03	0.02
	642	Articles made of paper pulp, of paper, etc.	449	1792	842	0.44	0.92	0.14
M	642.9(1)	Cigarette paper, cut	413	135	279	0.40	0.07	0.05
M	642.9(9)	Other articles of paper	27	1581	563	0.03	0.81	0.10
	651	Textile yarn & thread	7693	1566	40753	7.40	0.80	6.88
M	651.2(5)	Yarn of wool or animal hair, retail	6	59	24	-	0.03	..
S	651.3	Grey cotton yarn in bulk	6360	1404	40729	6.18	0.72	6.87
	652	Cotton fabrics, woven (not including narrow or special fabrics)	7662	12504	43740	7.47	6.41	7.39
S	652.1(3)	Grey woven cotton, n.e.s.	411	503	2995	0.40	0.26	0.50
S	652.2(3)	Pile & chenille fabrics of cotton	..	50	170	-	0.02	0.03
S	652.2(9)	Bleached cotton fabrics, n.e.s.	7251	11951	40555	7.05	6.10	6.84
	653	Textile fabrics, woven (not including narrow or special fabrics) other than cotton	7940	16825	52954	7.74	8.62	8.95
S	653.2	Woolen fabrics, woven, n.e.s.	-	427	-	-	0.22	-
S	653.5(1)	Fabrics woven of continuous synthetic fibre	2677	2095	2496	2.60	1.07	0.42
S	653.5(2)	Fabrics woven of discontinuous synthetic fibre	329	878	21877	0.32	0.45	3.69
S	653.6(1)	Fabrics woven of continuous degenerated fibre	3093	10004	14253	3.01	5.11	2.40
S	653.6(2)	Fabrics woven of discontinuous degenerated fibre	712	1916	12456	0.69	0.98	2.10
S	653.7	Knitted fabrics	548	832	1314	0.53	0.42	0.22
S	653.9(2)	Fabrics, woven of coarse animal hair	-	189	462	-	0.10	0.08
	654	Tulle, lace, embroidery, ribbons, etc.	487	765	2514	0.47	0.39	0.42
S	654.0(1)	Narrow fabrics, n.e.s.	119	20	88	0.12	0.01	0.02
S	654.0(3)	Trimmings, tapes, etc. not elastic	297	670	675	0.29	0.34	0.11
S	654.0(4)	Tulle & other net fabrics, plain	4	6	53	-	-	0.01
S	654.0(5)	Other tulle & net fabrics, lace	23	25	419	0.02	0.01	0.07
S	654.0(6)	Embroidery	45	39	1332	0.04	0.02	0.22
	655	Special textile fabrics	81	108	62	0.08	0.06	0.01
	656	Made-up articles, wholly or chiefly of textile materials, n.e.s.	5228	6323	12719	5.10	3.24	2.15
M	656.2	Made-up canvas goods	15	96	92	0.01	0.05	0.02
M	656.6(2)	Blankets & travelling rugs of cotton	108	..	703	0.10	-	0.12
M	656.6(9)	Blankets & travelling rugs, n.e.s.	163	-	235	0.16	-	0.04
M	656.9(1)	Linens & other furnishing articles of textile fabrics	4907	5962	11660	4.77	3.04	1.97
M	656.9(2)	Other textile products, n.e.s.	15	265	29	0.01	0.14	-
	657	Floor coverings, tapestries, n.e.s.	1962	3058	8939	1.91	1.57	1.51
M	657.5	Carpets & rugs, knitted	144	7	8939	0.14	-	1.51
M	657.6	Other carpets	1818	3050	-	1.77	1.57	-

Table A-2. (Cont'd.)

SM	SITC Code	Description	Thousand dollars 1985	1979	1983	Per cent of total 1975	1979	1983
	661	Lime, cement & fabricated building materials, except glass & clay materials	1	168	34	-	0.09	-
S	661.3(2)	Building stone worked	1	166	34	-	0.09	0.01
	663	Mineral manufactures, n.e.s.	279	2553	219	0.27	1.31	0.04
S	663.6(2)	Articles of cement, of concrete & artificial stone	88	2543	219	0.07	1.30	0.04
	664	Glass	76	639	906	0.07	0.33	0.15
S	664.3	Drawn or blown glass, unworked	66	331	725	0.06	0.17	0.12
S	664.4	Cast, rolled, drawn or blown glass	1	53	41	-	0.03	0.01
S	664.9(1)	Glass in shapes	-	129	140	-	0.07	0.02
	665	Glassware	556	885	323	0.54	0.45	0.05
M	665.1(1)	Commercial containers of glass	60	59	23	0.06	0.03	-
M	665.2	Glass articles for household, hotels, etc.	239	676	270	0.23	0.34	0.05
M	665.8(2)	Decoration or ornament glass, n.e.s.	257	150	30	0.25	0.08	0.01
	678	Tubes, pipes & fittings of iron & steel	95	117	-	0.09	0.06	-
	679	Iron & steel castings & forgings unworked	79	386	194	0.08	0.20	0.03
S	679.1	Iron castings rough	79	386	194	0.08	0.20	0.03
	682	Copper	-	75	708	-	0.04	0.12
S	682.1(2)	Refined copper	-	-	708	-	-	0.12
	685	Lead	4	174	-	-	0.09	-
	691	Finished structural parts & structures n.e.s.	8	171	10	0.01	0.09	-
S	691.1	Structures & parts of iron & steel	5	88	10	-	0.04	-
	692	Metal containers for storage & transport	208	367	170	0.20	0.19	0.03
M	692.1(1)	Steel storage tanks, etc.	9	115	42	0.01	0.06	0.01
M	692.2(1)	Steel transport boxes, etc.	180	153	26	0.18	0.08	-
M	692.3(1)	Compressed gas cylinders of iron or steel	19	99	102	0.02	0.05	0.02
	693	Wire products & fencing grills	3	149	-	-	0.08	-
	695	Tools for use in the hand or in machines	42	177	197	0.04	0.09	0.03
M	695.2(2)	Pliers, pincers, wrenches, files, etc.	12	13	84	0.01	-	0.01
M	695.2(3)	Hand tools, etc. n.e.s.	11	137	84	0.01	0.07	0.01
	696	Cutlery	81	143	-	0.08	0.07	-
	697	Household equipment of base metals	1480	4468	3187	1.44	2.29	0.54
M	697.1(1)	Domestic stoves, cookers, ovens of iron & steel	357	916	491	0.35	0.47	0.08
M	697.2(1)	Domestic utensils of iron & steel	-	159	132	-	0.08	0.02
M	697.2(2)	Domestic utensils of copper	777	1971	2224	0.76	1.01	0.38
M	697.2(3)	Domestic utensils of aluminium	254	1291	235	0.25	0.66	0.04
M	697.9(2)	Base metal ornaments, n.e.s.	88	100	105	0.09	0.05	0.02
	698	Manufactures of metals, n.e.s.	149	587	101	0.40	0.30	0.02
M	698.1(1)	Locks & keys	24	49	10	0.02	0.02	-
M	698.1(2)	Base metal doors, etc., fittings	34	110	53	0.03	0.06	0.01
M	698.2	Base metal safes, etc.	45	180	26	0.04	0.09	-
M	698.9(2)	Articles of copper, n.e.s.	17	142	12	0.02	0.07	-

Table A-2. (Cont'd.)

SM	SITC Code	Description	Thousand dollars 1975	1979	1983	Per cent of total 1975	1979	1983
	Section 7:	Machinery & transport equipment	9530	22451	20891	9.29	11.50	3.53
	711	Power generating machinery other than electric	2439	4863	7223	2.38	2.49	1.22
M	711.4(1)	Aircraft engines	2380	4757	7223	2.31	2.43	1.22
	715	Metal working machinery	36	163	83	0.04	0.08	0.01
M	715.1	Machine tools for working metal	36	-	83	0.04	-	0.01
	717	Textile and leather machinery	120	165	32	0.12	0.08	0.01
M	717.1(5)	Textile machinery	-	108	21	-	0.06	-
	718	Machines for special industries	191	1853	2267	0.19	0.95	0.38
M	718.3(9)	Food processing machines, n.e.s.	66	330	276	0.06	0.17	0.05
M	718.4(2)	Excavating, boring, etc. machinery	73	1242	1912	0.07	0.63	0.32
M	718.5(1)	Mineral crushing, sorting, etc. machinery	50	219	. 63	0.05	0.11	0.01
	719	Machinery & appliances (other than electrical) & machine parts, n.e.s.	1318	1742	728	1.28	0.89	0.12
M	719.1(5)	Refrigerating equipment, non-domestic	14	140	237	0.01	0.07	0.04
M	719.1(9)	Heating & cooling equipment, n.e.s.	7	66	42	0.01	0.03	0.01
M	719.2(1)	Pumps for liquids	913	693	46	0.89	0.35	0.01
M	719.3(1)	Lifting, loading machinery, n.e.s.	34	-	60	0.03	-	0.01
M	719.4(2)	Domestic refrigerators, freezers	-	-	210	-	-	0.04
M	719.6(3)	Weighing machinery	52	100	21	0.05	0.05	-
M	719.8	Other machinery, non electric	19	189	30	0.02	0.10	0.01
M	719.9(1)	Moulding boxes, etc., n.e.s.	137	134	24	0.13	0.07	-
	722	Electric power machinery & switch gear	230	812	592	0.22	0.42	0.10
M	722.2	Switch gear	58	271	592	0.06	0.14	0.10
	724.0	Telecommunications apparatus	97	2833	1150	0.09	1.45	0.19
M	724.0	Telecommunications apparatus	-	2769	1150	-	1.41	0.19
	725	Domestic electrical equipment	7	611	307	0.01	0.31	0.05
M	725.0(2)	Domestic washing machines	-	76	272	-	0.04	0.04
	729	Other electrical machinery & apparatus	199	80	289	0.19	0.04	0.04
M	729.9(8)	Electrical parts of machinery, n.e.s.	2	1	289	-	-	0.04
	732	Road motor vehicles	3148	4379	3465	3.07	2.24	0.58
M	732.8(1)	Motor vehicles bodies	2952	4156	3345	2.87	2.12	0.56
M	732.8(9)	Other motor vehicles parts	13	223	120	0.01	0.11	0.02
	733	Other road vehicles	63	210	60	0.06	0.11	0.01
M	733.3	Other vehicles, trailers & parts	63	33	60	0.06	0.02	0.01
	734	Aircraft	1676	4286	4531	1.63	2.20	0.76
M	734.9(2)	Aircraft parts	1676	4286	4531	1.63	2.20	0.76

Table A-2. (Cont'd.)

SM	SITC Code	Description	Thousand dollars 1975	1979	1983	Per cent of total 1975	1979	1983
	Section 8:	Miscellaneous manufactured articles	24509	36416	67949	23.89	18.66	11.48
	812	Sanitary, plumbing, heating & lighting fixtures & fittings	239	484	124	0.23	0.25	0.02
M	812.4(1)	Illuminating & signalling glassware	82	36	31	0.08	0.02	0.01
M	812.4(2)	Lamps & light fittings of base metal	58	249	93	0.06	0.13	0.02
	821	Furniture	345	2137	770	0.34	1.09	0.13
M	821.0(1)	Chairs, seats & parts	52	-	52	0.05	-	0.01
M	821.0(3)	Mattresses	33	1123	348	0.03	0.57	0.06
M	821.0(9)	Furniture, parts, n.e.s.	253	879	360	0.25	0.45	0.06
	831	Travel goods, handbags, etc.	498	802	225	0.48	0.41	0.04
M	831.0	Travel goods, handbags, etc.	498	802	225	0.48	0.41	0.04
	841	Clothing (except fur clothing)	21136	25576	61458	20.60	13.10	10.38
M	841.1(0)	Clothing of textile fabrics (not knitted or crocheted) n.e.s.	-	4127	-	-	2.11	-
M	841.1(1)	Men's & boys' outergarments (not knitted or crocheted)	1189	-	5793	1.16	-	0.98
M	841.1(2)	Women's, girls' & infants' outergarments (not knitted or crocheted)	1172	-	3100	1.14	-	0.52
M	841.1(3)	Men's & boys' undergarments, (not knitted or crocheted)	103	203	110	0.10	0.10	0.02
M	841.1(4)	Women's, girls' & infants' undergarments (not knitted or crocheted)	92	396	293	0.09	0.20	0.05
M	841.2(1)	Handkerchiefs	69	12	42	0.07	0.01	0.01
M	841.2(2)	Shawls, scarves, veils, etc., (not knitted or crocheted)	3877	4194	3736	3.77	2.14	0.63
M	841.2(3)	Ties, etc.	66	2	54	0.06	-	0.01
M	841.2(5)	Corsets, suspenders, garters, etc.	99	-	9595	0.10	-	1.62
M	841.2(9)	Other clothing accessories	35	92	95	0.03	0.05	0.02
M	841.3	Apparel & clothing accessories of leather	124	232	86	0.12	0.12	0.01
M	841.4	Clothing accessories knitted or crocheted, n.e.s.	-	13013	-	-	6.64	-
M	841.4(2)	Stockings, etc. knitted or crocheted	507	816	241	0.49	0.42	0.04
M	841.4(3)	Undergarments, knitted or crocheted	3228	348	20175	3.14	0.18	3.40
M	841.4(4)	Outergarments, knitted or crocheted	10226	-	17018	9.94	-	2.87
M	841.5(9)	Other headgear	283	1155	1120	0.28	0.59	0.19
	842	Fur clothing	276	460	210	0.27	0.24	0.04
M	842.0(1)	Articles of furskins	181	144	80	0.18	0.07	0.01

Table A-2. (Cont'd.)

SM	SITC Code	Description	Thousand dollars 1975	1979	1983	Per cent of total 1975	1979	1983
M	842.0(2)	Artificial fur & articles thereof	95	316	130	0.09	0.16	0.02
	851	Footwear	788	2177	1307	0.77	1.12	0.22
M	851.0(1)	Footwear of rubber or plastic soles	40	245	470	0.04	0.12	0.08
M	851.0(2)	Footwear with soles of leather	686	1909	837	0.67	0.97	0.14
	861	Scientific, medical, optical, measuring & controlling instruments	81	52	109	0.08	0.03	0.02
M	861.8(1)	Gas or liquid meters	35	51	64	0.03	0.03	0.01
	891	Musical instruments	290	204	241	0.28	0.10	0.04
M	891.4(2)	String musical instruments	39	90	186	0.04	0.05	0.03
M	891.8(4)	Percussion musical instruments	41	58	55	0.04	0.03	0.01
	892	Printed matter	68	311	150	0.07	0.16	0.02
M	892.1(1)	Printed books, pamphlets	66	261	125	0.06	0.13	0.02
	893	Articles of artificial plastic materials	147	1919	857	0.14	0.98	0.14
M	893.0	Articles of plastic, n.e.s.	147	1919	857	0.14	0.98	0.14
	894	Perambulators, toys, games & sporting goods	152	130	35	0.15	0.07	0.01
M	894.2(4)	Indoor games equipment	128	86	35	0.12	0.04	0.01
	895	Office & stationery supplies n.e.s.	137	482	2273	0.13	0.25	0.38
M	895.2(1)	Fountain pens, etc.	18	33	516	0.02	0.02	0.09
M	895.2(3)	Pencils, crayons, etc.	109	448	1757	0.11	0.23	0.30
	899	Manufactured articles, n.e.s.	213	1382	172	0.21	0.71	0.03
M	899.2(4)	Brooms, brushes, n.e.s.	17	94	11	0.02	0.05	-
M	899.2(7)	Hand sieves and hand riddles	25	70	71	0.02	0.04	0.01
M	899.3(2)	Matches	-	1028	-	-	0.52	-
	0-9	TOTAL	102908	195901	593150	100.00	100.00	100.00

Source: Economic and Social Commission for Western Asia, computations based on national and international sources.

1/ Excludes product groups (SITC 3-digits) with export values below one-hundred thousand dollars and products (SITC 4 and 5-digits) having export values below fifty thousand dollars as well as products which did not figure on the 1983 export list.

S = Semi-manufactures
M = Manufactures

Details may not add up to totals because of rounding.

Table A-3. Syrian Arab Republic: Destination of Exports of Manufactures and Semi-manufactures, 1975, 1979 and 1983

	Thousand Dollars			Per cent of Total		
	1975	1979	1983	1975	1979	1983
Total ESCWA region	40176	93416	57557	39.0	47.7	9.7
Bahrain	89	107	73	0.1	0.1	-
Democratic Yemen	24	30	41	-	-	-
Egypt	1900	338	-	1.8	0.2	-
Iraq	2858	31204	39	2.8	15.9	-
Jordan	7802	16030	9384	7.6	8.2	1.6
Kuwait	2205	3116	2824	2.1	1.6	0.5
Lebanon	3030	3524	20227	2.9	1.8	3.4
Oman	16	9	2	-	-	-
Qatar	248	435	273	0.2	0.2	-
Saudi Arabia	21001	34982	23487	20.4	17.9	4.0
United Arab Emirates	656	1143	771	0.6	0.6	0.1
Yemen	347	2498	436	0.3	1.3	0.1
Other developing regions	8772	12385	173702	8.5	6.3	29.3
Asia	4397	4880	151618	4.3	2.5	25.6
Cyprus	54	86	21304	0.1	-	3.6
Iran	111	70	101740	0.1	-	17.2
Turkey	4114	4692	5249	4.0	2.4	0.9
Afghanistan	-	-	2	-	-	-
India	59	4	-	0.1	-	-
Korea, Rep. of	-	1	-	-	-	-
Malaysia	2	23	-	-	-	-
Nepal	17	-	-	-	-	-
Pakistan	35	-	36	-	-	-
Philippines	-	1	-	-	-	-
Singapore	-	-	23282	-	-	3.9
Sri Lanka	1	3	-	-	-	-
Africa	4335	7437	22059	4.2	3.8	3.7
North Africa	4279	7339	7041	4.2	3.7	1.2
Algeria	38	161	23	-	0.1	-
Libyan Arab Jamahiriya	3960	5423	1890	3.8	2.8	0.3
Morocco	5	12	10	-	-	-
Sudan	206	1732	5094	0.2	0.9	0.9
Tunisia	70	11	24	0.1	-	-
Ghana	1	-	-	-	-	-
Guinea	-	1	-	-	-	-
Ivory Coast	6	-	-	-	-	-
Liberia	24	31	-	-	-	-
Nigeria	-	10	15018	-	-	2.5
Senegal	8	46	-	-	-	-
Djibouti	-	6	-	-	-	-
Kenya	-	1	-	-	-	-
Uganda	16	-	-	-	-	-
Tanzania	1	3	-	-	-	-

Table A-3. (cont'd.)

	Thousand Dollars			Per cent of Total		
	1975	1979	1983	1975	1979	1983
America	40	68	25	-	-	-
Argentina	4	31	-	-	-	-
Brazil	29	19	21	-	-	-
Chile	-	1	-	-	-	-
Colombia	1	-	-	-	-	-
Ecuador	-	2	-	-	-	-
Paraguay	-	12	-	-	-	-
Venezuela	2	3	1	-	-	-
El Salvador	-	-	3	-	-	-
Trinidad Tbg	4	-	-	-	-	-
EEC	12398	40544	191077	12.0	20.7	32.2
Belgium-Luxem.	1480	3772	4727	1.4	1.9	0.8
Denmark	208	553	37	0.2	0.3	-
France	2592	7253	48295	2.5	3.7	8.1
West Germany	768	22686	7348	0.8	11.6	1.2
Ireland	8	1	-	-	-	-
Italy	2234	3204	122027	2.2	1.6	20.6
Netherlands	210	226	421	0.2	0.1	0.1
United Kingdom	311	2849	1087	0.3	1.4	0.2
Greece	4587	-	7135	4.5	-	1.2
EFTA	984	1296	614	1.0	0.7	0.1
Austria	8	18	7	-	-	-
Finland	769	756	453	0.8	0.4	0.1
Iceland	-	3	-	-	-	-
Norway	-	5	12	-	-	-
Portugal	-	99	-	-	0.1	-
Sweden	52	205	-	-	0.1	-
Switzerland	155	210	142	0.2	0.1	-
CMEA (European)	28052	27189	156462	27.3	13.9	26.4
Bulgaria	1425	122	2	1.4	0.1	-
Czechoslovakia	187	261	3	0.2	0.1	-
East Germany	1983	21	3073	1.9	-	0.5
Hungary	1289	146	397	1.2	0.1	0.1
Poland	513	-	-	0.5	-	-
Romania	667	5602	270	0.6	2.9	-
U.S.S.R.	21988	21037	152717	21.4	10.7	25.8
U.S.A.	187	856	320	0.2	0.4	0.1
Japan	7	36	19	-	-	-
China	2	86	141	-	-	-
Rest of the world	12330	20093	13260	12.0	10.3	2.2
Exports of semi-manuf. & manuf.	102908	195901	593150	100.0	100.0	100.0

Source: Economic and Social Commission for Western Asia, computations based on national and international sources.

Notes: Details may not add up to totals because of rounding.

Table A-4. Syrian Arab Republic: Geographical Distribution of Exports of Manufacture and Semi-Manufactures by Major SITC (Rev. 1) Product Groups and Products, 1983
(In percentages) 1/

SITC Code	Product Description	ESCWA Region						
		Total	Jordan	Kuwait	Lebanon	Saudi Arabia	U.A.E.	Yemen
Section 0: Food		41.3	11.5	7.1	2.4	18.1	1.7	0.2
048	Cereal preparations	100.0	..	4.2	-	85.1	8.5	-
052	Dried fruits	4.6	2.6	-	0.1	1.6	0.3	-
053	Fruit, preserved & fruit preparations	47.2	12.9	6.4	4.6	21.2	1.5	0.3
055.1	Vegetables, dehydrated (excl. legumes)	0.4	0.3	0.1	-	..	-	.
055.5(2)	Vegetables otherwise preserved, n.e.s.	91.2	3.4	40.7	0.6	43.1	3.2	..
062	Sugar confectionery & preparations (excl. chocholate)	99.9	59.5	0.5	-	34.0	5.2	-
Section 1: Beverages & tobacco		11.9	1.5	1.5	-	8.2	-	..
111.0(1)	Water, ice & snow	99.9	7.4	13.7	..	74.4	-	.
122.2	Cigarettes	1.1	0.8	..	-	-	-	-
Section 3: Mineral fuels, lubricants & related products 1/		7.2	-	-	7.2	-	-	-
332	Petroleum products	7.2	-	-	7.2	-	-	-
332.1	Motor spirit	60.7	..	-	60.7	..	-	-
332.2	Lamp oil & white spirit (kerosene, etc.)	-	..	-	..	-	-	-
332.4	Residual fuel oils	1.7	-	-	1.7	..	-	..
Section 5: Chemicals		5.8	4.3	0.3	..	1.1	0.1	..
512	Organic chemicals	100.0	100.0	..	-	-	-	-
513	Inorganic chemicals	28.0	28.0	-	-	-	-	..
514	Other inorganic chemicals	..	-	-	-	-	-	..
533	Pigments, paints, varnishes, etc.	-	..	-	-	-	-	-
553	Perfumery & cosmetics	1.8	0.1	0.2	..	1.3	0.1	-
544	Soaps, cleansing & polishing preparations	5.4	4.1	0.5	-	0.4	0.4	..
554.1	Soaps	3.0	2.4	0.5	-	0.1	-	-
554.2	Washing preparations, etc.	16.0	9.1	1.6	-	-	5.3	-
554.3	Polishing preparations	13.9	11.3	..	2.6	..	..	..
561.2	Phosphatic fertilizers	1.3	1.3	-	-	-	..	..
Section 6: Manufactured goods classified chiefly by material		5.3	1.1	0.4	-	3.5	..	0.1
611	Leather	3.3	-	-	-	3.3	-	-
612	Manufactures of leather	19.0	7.6	6.3	5.1	..	-	-
621	Materials of rubber	100.0	12.0	5.1	-	82.9	-	-
629	Articles of rubber, n.e.s.	65.4	4.9	..	-	59.3	-	1.1
632	Wood manufactures, n.e.s.	97.5	11.9	13.5	-	67.4	0.7	0.4
642	Articles made of paper pulp, of paper,etc.	67.0	..	-	1.3	65.7	..	..
651.3	Grey cotton yarn in bulk	0.5	-	0.5	-	-	-	..

Developing Asia		Developing Africa		EEC				CMEA		Rest of World
Total	Iran	Total	N.Africa	Total	Germany (Fed.Rep.)	France	Italy	Total	USSR	
3.5	2.5	28.2	28.2	6.1	5.9	0.1	0.1	19.8	19.8	1.0
–	–	–	–	–	–	–	–	–	–	–
–	–	21.7	–	–	–	–	–	73.7	73.7	–
3.0	1.0	48.4	48.4	0.1	–	0.1	–	–	–	1.2
4.5	4.5	–	–	36.4	35.4	–	1.0	57.2	57.2	1.3
6.8	6.8	–	–	–	–	–	–	–	–	0.8
–	–	0.1	–	–	–	–	–	–	–	0.1
6.5	0.4	–	–	0.7	–	–	–	80.4	80.4	0.5
–	–	–	–	–	–	–	–	–	–	–
8.1	0.4	–	–	0.8	–	–	–	90.3	90.3	0.5
17.2	–	5.6	0.1	65.1	–	17.5	45.0	–	–	4.9
17.2	–	5.6	–	65.1	–	17.5	45.0	–	–	4.9
–	–	39.3	–	–	–	–	–	–	–	–
–	–	–	–	100.0	–	100.0	–	–	–	–
18.6	–	2.0	–	72.2	–	18.2	51.0	–	–	5.5
20.2	20.2	–	–	0.1	–	–	–	73.9	72.5	–
–	–	–	–	–	–	–	–	–	–	–
72.0	72.0	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	100.0	–	–
–	–	–	–	–	–	–	–	100.0	100.0	–
–	–	–	–	–	–	–	–	98.2	98.2	–
81.6	81.6	–	–	–	–	–	–	12.8	12.8	–
97.0	–	–	–	–	–	–	–	–	–	–
84.0	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	86.1	86.1	–
98.7	98.7	–	–	–	–	–	–	–	–	–
52.7	51.4	0.1	0.1	0.8	0.5	–	–	41.0	40.8	0.1
–	–	–	–	–	–	–	–	96.7	96.7	–
–	–	81.0	81.0	–	–	–	–	–	–	1.3
–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	9.3	–	–	–	–	–	24.2
0.1	–	0.2	0.2	0.4	–	0.4	–	–	–	1.4
33.0	–	–	–	–	–	–	–	–	–	–
61.3	61.3	–	–	0.8	–	–	–	37.4	37.4	–

Table A-4. (cont'd)

SITC Code	Product Description	ESCWA Region						
		Total	Jordan	Kuwait	Lebanon	Saudi Arabia	U.A.E.	Yemen
652.2(9)	Bleached cotton fabrics, n.e.s.	0.1	-	-	0.1	-	-	-
653.5(1)	Fabrics woven of continuous synthetic fibre	0.2	0.2	-	-	-	-	-
653.5(2)	Fabric woven of discontinuous synthetic fibre	0.2	0.2	-	-	-	-	-
653.6(1)	Fabrics woven of continuous degenerated fibre	0.5	-	-	-	0.4	-	-
653.6(2)	Fabrics woven of discontinuous degenerated fibre	-	-	-	-	-	-	-
653.7	Knitted fabrics	0.9	0.8	-	-	0.1	-	-
653.9(2)	Fabrics, woven of coarse animal hair	100.0	4.5	3.2	-	91.1	-	-
654	Tulle, lace, embroidery, ribbons, etc.	30.2	7.1	3.2	-	18.8	0.7	0.1
654.0(6)	Embroidery	0.1	-	-	-	-	-	0.1
656.6(2)	Blankets & travelling rugs of cotton	16.6	3.7	3.3	-	9.2	-	0.4
656.9(1)	Linens & other furnishing articles	4.6	2.2	0.7	-	1.5	0.1	0.1
657.5	Carpets & rugs, knitted	0.3	0.1	-	-	0.2	-	-
663.6(2)	Articles of cement, of concrete, etc.	100.0	1.8	1.4	-	96.8	-	-
664	Glass	88.6	79.6	-	4.9	4.2	-	-
665	Glassware	16.1	5.6	7.1	1.2	1.5	-	0.6
679	Tubes, pipes & fittings of iron & steel	96.9	12.9	1.5	-	78.4	0.5	2.1
682	Copper	-	-	-	-	-	-	-
692	Metal containers for storage & transport	40.0	9.4	1.2	-	29.4	-	-
695	Tools for use in the hand or in machines	69.9	3.9	1.0	-	64.1	1.0	-
697.1(1)	Domestic stoves, cookers, ovens of iron & steel	83.4	50.7	0.6	2.4	24.3	2.8	1.8
697.2(1)	Domestic utensils of iron & steel	56.1	7.6	0.8	-	45.4	0.8	1.6
697.2(2)	Domestic utensils of copper	96.1	2.0	4.2	-	84.9	1.6	2.2
697.2(3)	Domestic utensils of aluminium	36.6	6.4	0.8	-	20.0	3.0	6.4
697.9(2)	Base metal or ornaments, n.e.s.	95.2	1.9	1.0	-	89.5	1.9	1.0
698	Manufactures of metals, n.e.s.	100.0	38.6	4.0	-	57.4	-	1.0
Section 7:	Machinery & transport equipment	31.6	1.2	0.2	0.2	29.2	0.5	0.2
711.4(1)	Aircraft engines	-	-	-	-	-	-	-
715	Metal working machinery	53.0	6.0	-	25.3	21.7	-	-
717	Textile & leather machinery	100.0	57.1	-	38.1	-	-	-
718	Machines for special industries	98.1	0.4	0.2	-	94.8	1.8	0.4
719	Machinery & appliances (other than electrical) & machine parts, n.e.s.	71.4	13.6	1.2	-	52.1	2.3	2.1
719.4(2)	Domestic refrigerators, freezers	17.1	10.5	1.0	-	4.8	1.0	-
722.2	Switchgear	9.3	7.8	-	-	0.8	-	0.7
724	Telecommunications apparatus	0.4	-	-	-	0.2	-	-
725.0(2)	Domestic washing machines	-	-	-	-	-	-	
729	Other electrical machinery & apparatus	-	-	-	-	-	-	-
732.8(1)	Motor vehicles	99.9	-	0.5	-	99.3	-	-
732.8(9)	Other motor vehicles parts	100.0	30.0	-	-	70.0	-	-
734.9(2)	Aircraft parts	-	-	-	-	-	-	-

Developing Asia		Developing Africa		EEC				CMEA		Rest of World
Total	Iran	Total	N.Africa	Total	Germany (Fed.Rep.)	France	Italy	Total	USSR	
57.7	53.6	-	-	-	-	-	-	42.3	42.3	-
61.6	61.6	-	-	0.1	-	0.1	-	38.1	38.1	-
81.6	81.6	-	-	-	-	-	-	18.3	18.3	-
7.1	7.1	-	-	-	-	-	-	92.4	92.4	-
6.2	6.2	-	-	-	-	-	-	93.7	93.7	-
53.5	53.5	-	-	-	-	-	-	45.7	45.7	-
-	-	-	-	-	-	-	-	-	-	-
67.9	67.9	0.5	0.5	0.7	-	0.7	-	-	-	-
98.4	98.4	-	-	1.4	-	1.4	-	-	-	-
23.2	23.2	0.7	0.7	-	-	-	-	59.5	59.5	-
18.4	18.4	-	-	0.2	-	-	-	76.7	76.7	-
17.5	17.5	-	-	-	-	-	-	82.1	79.2	-
-	-	-	-	-	-	-	-	-	-	-
11.1	11.1	-	-	-	-	-	-	-	-	-
80.2	74.3	0.3	0.3	1.9	1.2	-	-	-	-	0.3
3.6	-	-	-	-	-	-	-	-	-	-
-	-	-	-	100.0	100.0	-	-	-	-	-
52.9	-	-	-	7.1	7.1	-	-	-	-	-
-	-	-	-	29.6	29.6	-	-	-	-	-
15.0	15.0	0.8	0.8	-	-	-	-	-	-	-
42.4	42.4	-	-	-	-	-	-	-	-	-
-	-	-	-	3.1	2.5	-	0.5	-	-	0.8
64.3	64.3	-	-	-	-	-	-	-	-	-
-	-	-	-	1.0	-	-	1.0	-	-	3.8
-	-	-	-	-	-	-	-	-	-	-
10.8	10.6	0.3	0.3	54.9	24.9	2.2	0.6	0.1	-	2.7
-	-	-	-	100.0	40.0	-	-	-	-	-
-	-	-	-	45.8	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	0.4	0.4	-	-	-	-	-	-	-
24.9	24.9	1.0	1.0	1.9	-	1.9	-	-	-	6.5
82.6	82.6	-	-	-	-	-	-	-	-	-
90.5	90.5	-	-	-	-	-	-	-	-	-
98.5	98.2	0.3	0.3	0.3	-	-	-	0.7	-	-
100.0	100.0	-	-	-	-	-	-	-	-	-
-	-	-	-	100.0	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
0.8	-	-	-	87.8	51.3	9.1	2.6	0.1	0.1	11.3

Table A-4. (cont'd.)

SITC Code	Product Description	ESCWA Region						
		Total	Jordan	Kuwait	Lebanon	Saudi Arabia	U.A.E.	Yemen
Section 8:	Miscellaneous manufactured articles	16.6	5.4	0.8	0.1	9.5	0.3	0.3
812	Sanitary, plumbing, heating & lighting fixtures & fittings	98.4	27.4	-	17.7	50.0	1.6	1.6
821	Furniture	95.4	9.9	3.4	-	79.1	1.8	0.5
821.0(3)	Mattresses, etc.	100.0	1.1	0.6	-	96.0	-	0.9
831	Travel goods, handbags, etc.	83.1	24.4	2.7	-	52.4	-	2.7
841	Clothing, except fur clothing	14.0	4.3	0.6	-	8.3	0.3	0.3
841.1(1)	Men's, & boys' outergarments, not knitted or crocheted	19.7	3.3	1.0	-	14.8	0.2	0.3
841.1(2)	Women's, girls' & infants' outergarments, not knitted or crocheted	25.7	13.4	1.0	-	9.3	0.6	1.3
841.1(3)	Men's & boys' undergarments, not knitted or corcheted	1.0	1.0	-	-	-	-	
841.1(4)	Women's, girls' & infants' undergarments, not knitted or crocheted	22.9	13.3	-	-	4.1	3.1	2.4
841.2(1)	Handkerchiefs	9.5	7.1	-	-	-	2.4	-
841.2(2)	Shawls, scarves, veils, etc., not knitted or crocheted	27.4	14.6	2.5	-	8.2	0.8	0.4
841.2(3)	Ties, etc.	9.3	5.6	-	-	3.7	-	-
841.2(5)	Corsets, suspenders, garters, etc.	1.1	1.0	-	-	0.2	-	-
841.3	Apparel & clothing accessories of leather	100.0	19.8	8.1	-	46.5	1.2	18.6
841.4(2)	Stockings, etc., knitted or crocheted	52.3	34.4	2.9	-	12.4	0.8	1.7
841.4(3)	Undergarments, knitted or crocheted	14.3	2.6	0.1	-	11.4	-	0.1
841.4(4)	Outergarments, knitted or crocheted	5.7	3.5	0.1	-	1.8	0.1	0.1
841.5(9)	Other headgear	100.0	8.2	9.7	-	69.0	7.6	-
842	Fur clothing	100.0	12.9	15.7	-	71.0	-	-
851.0(1)	Footwear of rubber or plastic soles	17.2	6.6	-	-	10.6	-	-
851.0(2)	Footwear with soles of leather	14.0	6.0	0.4	-	6.3	-	0.6
861.8(1)	Gas or liquid meters	100.0	100.0	-	-	-	-	-
891	Musical instruments	32.0	5.4	1.2	-	16.6	5.4	-
892.1(1)	Printed books, pamphlets, etc.	84.0	18.4	13.6	-	37.6	3.2	11.2
893	Articles of artificial plastic	99.6	56.8	9.2	-	29.4	2.1	1.6
895.2(1)	Fountain pens, etc.	-	-	-	-	-	-	-
895.2(3)	Pencils, crayons, etc.	-	-	-	-	-	-	-

Source: Economic and Social Commission for Western Asia, computations based on national and international sources.

1/ Singapore, Cyprus and Nigeria took 8.6 per cent, 7.8 per cent and 5.5 per cent, respectively, of Syrian exp der this Section.

Notes: Details may not add up to totals because of rounding.

Developing Asia		Developing Africa		EEC				CMEA		Rest of World
Total	Iran	Total	N.Africa	Total	Germany (Fed.Rep.)	France	Italy	Total	USSR	
7.0	7.0	2.8	2.8	0.7	0.2	0.5	-	72.5	67.9	0.3
-	-	2.4	2.4	-	..	-	-	-	-	0.1
0.1	-	0.1	0.1	0.3	-	0.1	-	0.4	0.4	3.9
-	-	-	-	..	-	..	-	-	..	-
-	-	12.4	12.4	0.9	0.9	..	-	..	-	3.6
5.3	5.3	2.1	2.1	0.8	0.2	0.5	-	77.7	72.7	0.1
22.8	22.8	2.4	2.4	0.1	-	0.1	-	55.1	55.1	-
18.9	18.9	11.4	11.4	2.7	-	2.7	-	41.1	41.1	0.1
-	-	27.3	27.3	-	-	-	-	70.9	70.9	-
14.0	14.0	9.9	9.9	11.9	-	11.9	-	38.6	38.6	-
73.8	73.8	-	-	16.6	-	16.6	-	-	-	2.3
3.9	3.9	1.1	1.1	5.9	1.0	4.5	0.1	60.7	60.7	0.9
-	-	-	-	-	-	-	-	87.0	87.0	-
0.4	0.4	0.2	0.2	-	-	-	-	98.3	98.3	-
-	-	-	-	-	-	-	-	-	-	-
39.4	39.4	7.9	7.9	-	-	-	-	-	-	-
1.3	1.3	0.1	0.1	0.6	0.6	-	-	83.6	83.6	-
4.3	4.3	3.9	3.9	-	-	-	-	86.1	86.1	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
82.6	82.6	-	-	-	-	-	-	-	-	-
20.4	20.4	65.2	65.2	0.1	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	66.8
-	-	16.0	-	-	-	-	-	-	-	-
0.1	-	-	-	0.3	0.3	-	-	-	-	-
-	-	-	-	-	-	-	-	100.0	100.0	-
52.4	52.4	-	-	-	..	-	-	47.6	47.6	-