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

Performance of General Industrial Organizations in the Syrian Arab Republic

July 1986

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INTRODUCTION

This review is intended as a supplement to the study on "Exports of manufactures and semi-manufactures from the Syrian Arab Republic: Trends, Problems and Prospects" (E/ESCWA/DPD/85/11), given the important position which the general industrial organizations occupy in the manufacturing sector and their significance as actual or potential producers of exportable products.

Its aim is to assess the performance of selected General Organizations during the period 1980-1984 in terms of production and installed capacity utilization, investment, employment, productivity and total sales (domestic and exports). The General Organizations for Food, Textiles, Chemicals, Cement and Engineering have been selected for this review because they produce commodities that are being exported or might have export potential 1/. The period 1980-1983 is used as a benchmark in this supplement; the year 1984 has been singled out and compared to 1980-1983, since a slowdown in performance of most of the Organizations under review, except for Cement, was discerned. It is also the latest year for which data were available.

Chapters I to V are each concerned with performance in one of the five Organizations. Chapter VI attempts an overall assessment of their combined performance. Particular emphasis is placed on the level and commodity composition of exports produced by these Organizations. The factors limiting or enhancing the growth of exports are considered along with a qualitative evaluation of prospects for actual and potential exports on a commodity-by-commodity basis.

This supplement is based on official publications, information contained in various reports supplied by the General Organizations themselves, and on discussions carried out with officials of these Organizations during a recent mission by ESCWA staff to the Syrian Arab Republic.

1/ This excludes exports of sugar, manufactured tobacco and petroleum products which are handled by their respective General Organizations or Ministries.

I. GENERAL ORGANIZATION FOR FOOD INDUSTRIES (GOFI)*

The General Organization for Food Industries (GOFI) was established in 1975 to replace the Union for Food Industries. GOFI manages twenty food companies and two mineral water plants. Three companies are currently involved in the Organization's main line of production, vegetable oil and its by-products (oil cake, cotton linters and soap) 1/. There are eight companies engaged in canning of fruits and vegetables (mainly tomato paste and to a lesser extent apricot jam, olives, beans and green peas), two for dairy products, three for alcoholic beverages (beer, wine and arak), and one company for each of macaroni, biscuits and chocolates, dehydrated onions and groundnuts 2/. These public sector companies are responsible for the bulk of food items produced in the Syrian Arab Republic, except for chocolates, macaroni, olive oil, grape treacle and apricot sheets (Kamariddine) which are produced mainly by the private sector 3/. In the case of chocolates and macaroni, the private sector is a major competitor of the public sector in the domestic market.

Production of food items is primarily geared towards local consumption; and is directly linked to the supply of agricultural output, which is cyclical in nature. Consequently, the composition and level of exports tend to fluctuate in an inverse relationship with domestic demand and are generally characterized by their erratic behaviour. The items exported are either those which are, at one time or another, in excess of local consumption (e.g. canned food, bottled mineral water and groundnuts) and/or those which are produced primarily for export, due to limited capacity to undertake further processing

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* The discussion in this section is based mainly on information contained in Table 1.

1/ There were four companies for vegetable oil and by-products. However, in 1980 the Lattakia Vegetable Oil Company was liquidated because of persistent losses.

2/ For a list of these companies, see Annex Table A-1.

3/ The private sector also accounts for around 17 per cent of biscuits, 9 per cent of canned fruits and vegetables, 7 per cent of margarine and 75 per cent of macaroni produced in the Syrian Arab Republic.

Table 1. General Organization for Food Industries, selected data (1980-1984)

	Unit	1980	1981	1982	1983	1984	Average Annual Rates of Growth (%) 1980-1983	1983-1984	1980-1984
Employment a/	number	5340	5078	5038	5523	6256	1.1	13.3	4.1
Production (current prices)	mln LS	411.6	557.8	709.3	830.9	1172.8*	26.5	41.1*	30.0*
Annual variations	%	...	35.5	27.2	17.1	41.1*			
Production (constant 1980 prices)	mln LS	411.6	453.4	520.6	611.1	761.3*	14.0	24.6*	16.6*
Total sales	mln LS	399.4	522.5	655.1	742.5	1013.4*	23.0	36.5*	26.5*
Domestic sales	mln LS	374.7	492.4	632.7	718.1	905.0*	24.0	26.0*	24.5*
Exports	mln LS	24.6	30.1	22.4	24.4	108.4*b/	-0.3	344.0*	44.5*
Exports as % of sales	%	6.2	5.8	3.4	3.3	10.7*			
Net profits	mln LS	32.8	44.6	51.7	65.6	100.5*			
Net profit on sales	%	8.2	8.5	7.9	8.8	9.9*			
Accumulated invested capital	mln LS	393.5	409.6	596.5	644.3	665.9			
Investment	mln LS	38.6	16.2	39.8	19.0	31.4			
Ratio of actual to allocated investment	%	85.4	31.9	68.5	30.3	28.7			
Return on invested capital	%	9.12	11.39	11.08	10.18	14.54*			

Source: General Organization for Food Industries (various reports); Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract, 1985, and Bulletin for Production and Sales of Industrial Public Sector, 1983 (October 1984), in Arabic.

a/ Permanent and seasonal workers.

b/ Preliminary data indicate that exports were around LS 52 million.

* Planned estimates.

domestically, as in the case of cotton linters 1/, or to low local demand as in the case of dehydrated onions.

Production

The value of production in GOFI companies, in current prices, grew by 26.5 per cent per annum between 1980 and 1983. Despite an increase in the prices of cotton seeds and flour in 1983, prices of the products based on these feedstock were maintained by the State at the same level. In 1981, physical production in the vegetable oil companies declined due to the inferior quality of cotton seeds received that year. Production of tomato paste and cotton seeds products suffered from the inferior quality of tomatoes and excessive supply of cotton seeds, respectively. This has adversely affected both the volume of production and its value. In contrast, the value of production of canned food almost doubled between 1980 and 1983 to reach 15 per cent of GOFI's production, with dairy products growing by 53 per cent and processed grapes by 142 per cent.

GOFI's production, at constant 1980 prices, grew by 14 per cent per annum between 1980 and 1983 with most of the items showing slow growth except few ones. The completion of three new plants for canned food in Idlib, Mayadine and Hasaka in 1982 and their coming on stream in 1983 2/, and the installation of additional lines for tomato paste in Mzeiribe Plant and in Dara'a were instrumental in raising physical production considerably. In addition, two factories for metal tin containers were built in Idlib and Damascus: one commenced activities in 1982 and the second in 1984. More attention has recently been paid to ensuring adequate maintenance of machinery and raising the level of skilled manpower. A system of incentives to raise productivity of the workforce has been implemented in a number of companies. As a result,

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1/ Cotton linters are a by-product of ginned cotton seeds and they are used to produce cellulosic acetate and viscose. At present, processing of linters in the Syrian Arab Republic is not considered an economically viable project, since the total output of cotton seeds is not sufficient to run one acetate plant of the minimum size.

2/ These projects had been contracted since 1975 but delays in construction hampered their completion until 1982.

the output from canning plants expanded by over 40 per cent between 1980 and 1983. In particular, the production of canned food grew by 42 per cent per annum with tomato paste rising at the fast rate of 48 per cent per annum, and wine at the rate of 30 per cent. However, the growth in physical output for other exportable products has been relatively slow and sometimes negative over the same period. For instance, production of bottled mineral water grew very slowly at the rate of 2 per cent per annum, beer at 3.5 per cent, dehydrated onions at 5.1 per cent, vegetable oil at 5.6 per cent, biscuits at 7 per cent and cotton linters at 8.3 per cent per annum; while, output of groundnuts declined at the rate of 6.7 per cent per annum during 1980-1983. (See Annex Table A-2).

After the slow growth witnessed between 1980 and 1983, production of alcoholic beverages and bottled mineral water more than doubled in 1984. This was clearly reflected in the case of exports of mineral water which declined in 1984 by 64 per cent, in real and value terms. At the same time, output of dehydrated onions and groundnuts grew by 36 and 18 per cent, respectively. There is a plan to expand the area for growing white onions for dehydration by moving to the north of Furat River and to mechanize its production in the Salmiyeh Plant. Both projects, when implemented, will raise the level of production sufficiently to satisfy growing demand for dehydrated onions in foreign markets.In contrast, output from canning plants declined drastically by over 40 per cent, largely due to the decline in tomato crop by 12 per cent in 1984, while that of biscuits and cotton linters declined by 10 per cent and 3.2 per cent, respectively. For groundnuts no expansion is envisaged for the future and there is a tendency to replace the item by growing other agricultural products whose yield seems to be more profitable. The Groundnuts Company has been operating at a loss for sometime now.

Capacity utilization

The average capacity utilization for GOFI companies has reached 85 per cent of potential capacity in 1983. More specifically, full capacity was attained in the biscuits plants, 95 per cent in the plants producing cotton linters, 90 per cent in those producing macaroni and processing grapes, 89 per cent in those processing tomatoes, and 85 per cent in sterilizing milk. In

the case of dehydrated onions and groundnuts, the plants were working at 50 per cent of their installed productive capacity. (See Table 19).

Technical and maintenance problems, shortages of qualified staff and redundant employment, insufficient and irregular supplies of agricultural raw materials and recurrent power failures are the main reasons for idle capacity in a number of plants. In the case of chocolates, competition from the private sector and lack of flexibility in responding to changes in consumers preferences and tastes appear to be the overriding causes for the plant's inability to work at full capacity, and the discontinuation of some production lines. In the case of dehydrated onions and tomato paste, capacity utilization is directly linked to the size of the tomato and onions harvest available for processing. By contrast, the processing of available supplies of cotton seeds into cotton linters is limited by facilities which are already operating at full capacity. This situation has forced Syria to turn to neighbouring Turkey for processing its excess cotton seeds into linters in return for a fee. Naturally, this adds to the cost of production which is already high by international standards. However, the construction of new processing plants is envisaged within the forthcoming Sixth Five-Year Development Plan.

Investment

Between 1980 and 1984, the level of investment expenditure rose considerably and peaked in 1982 as a result of the construction of three canned food plants in Idlib, Hasaka and Mayadine; two factories for metal tin containers in Idlib and Hasaka, and additional lines of production in Mzeiribe and Dara'a for tomato paste. Investment on building and construction reached over 42 per cent and on equipment 46 per cent of total allocations in 1982 (see Annex Table A-3). At the same time, the ratio of actual to budgeted expenditure reached 68.5 per cent. However, in 1983, the level of investment declined due to delays in establishing lines of credit for the proposed projects, and the ratio of actual to allocated expenditure dropped to 30.3 per cent. In 1984, planned investments were revised upwards in order to execute a number of new projects: two units for solvent oil extraction in Aleppo, a new line for the production of biscuits, and two plants for dairy products in Aleppo and Hasaka. A lump sum of unallocated credit was also included under

planned investments for some unidentified projects, for which the feasibility studies have been completed and were awaiting approval by the State Planning Commission. It should be noted that most of the projects under review were specifically geared to expand production for the domestic market rather than for export purposes. Actual investments in 1984 were only 28.7 per cent of budgeted allocations which was lower than the rate of implementation in 1983. The rate of return on investments improved by one percentage point over its 1980 level and stood at little over 10 per cent in 1983. For 1984, the anticipated rate of return on investments is 14.5 per cent.

Employment and Productivity

The level of employment in the General Organization for Food Industries has been stagnant during the last few years. In fact, the workforce was only 3 per cent higher in 1983 than in 1980 after having declined in 1981 and 1982 due to the liquidation of the Lattakia Oil Company in 1980. In 1983 the number of workers increased by 10 per cent and in 1984 they totalled 6256 workers (an increase by 13 per cent). This was the result of staffing three new plants for canned food, two additional production lines for tomato paste and two factories for metal tin containers. The low level of wages in the public sector drains the already scarce qualified manpower to the private sector; it also poses serious difficulties in manning the newly constructed plants.

The productivity of labour in current terms improved by 67 per cent between 1980 and 1983 and was expected to double in 1984 as compared to 1980. This may be attributed to the introduction of a system of incentives in a number of units to raise the level of production, albeit with a clause determining the ceiling on production levels. Moreover, the recently institutionalized control, inspection and maintenance of machinery and plant facilities have been instrumental in preventing interruptions in production lines.

Raw materials and other inputs constituted, on average, 78 per cent of production costs in GOFI companies; while wages and salaries represented 11.5 per cent. Real wages and salaries grew at the average rate of 8 per cent per annum between 1980 and 1983, while the value of production (in constant 1980 prices) expanded by 14 per cent per annum.

Sales and Exports

Total sales (domestic and exports) grew at the rate of 23 per cent per annum. In absolute terms, sales of GOFI companies rose from almost LS 400 million in 1980 to LS 742 million in 1983. Most of this increase is linked to higher production of canned food products (mainly tomato paste), dairy products and processed grapes. Vegetable oil, cotton cake, soap and cotton linters represented 40 per cent of total GOFI sales in 1983. Dairy products accounted for 21 per cent, canned food for 10 per cent and alcoholic beverages for 12 per cent. Together dehydrated onions and groundnuts accounted for a meagre share of 4 per cent of the sales of GOFI companies. (See Table 2). In the case of groundnuts and alcoholic beverages competition in the domestic market is aggravated by the presence of smuggling. One way of combatting this for groundnuts was to cut down on exports, despite the fact that the main reasons for smuggling were high prices rather than short supply. The absence of protection measures for locally-produced alcoholic beverages, in addition to the presence of severe competition, have reduced demand and resulted in the accumulation of huge stocks.

Table 2. General Organization for Food Industries: Percentage Shares of Selected Items in Production, Sales and Exports, 1983

	Production	Sales	Exports
Vegetable oil and by-products (excl. linters)	35.3	38.1	-
Cotton linters	1.7	1.8	53.6
Canned food	14.7	10.2	5.7
Tin cans	2.0	2.1	-
Dairy products	17.9	20.5	-
Biscuits	6.1	6.8	-
Beer	6.4	7.1	-
Wine and arak	6.1	4.7	-
Dehydrated onions	1.3	1.4	37.2
Macaroni	0.7	1.0	-
Groundnuts	2.3	2.8	3.5
Total (mln. LS)	830.9	742.5	24.4

Source: See Annex Tables A-4 and A-5.

More than half of exports produced by the GOFI companies in 1983 were accounted for by cotton linters (54 per cent) and over 37 per cent by dehydrated onions. The balance was accounted for by canned food (6 per cent), and groundnuts. The combined value of these exports fluctuated between 1980 and 1983 to reach LS 24.4 million - a level somewhat below 1980.

At the same time, exports of canned food and groundnuts declined by 18 per cent and 44 per cent per annum, respectively, while exports of biscuits and other food products ceased. Slow growth in exports was recorded by dehydrated onions (7 per cent) and a more rapid growth by cotton linters (12 per cent) (See Annex Table A-6). In relative terms and as a percentage of total GOFI sales, exports declined from 6.2 per cent in 1980 to 3.3 per cent in 1983, after having represented 13 per cent of sales in 1975. Exports of cotton linters and dehydrated onions represented almost 100 per cent of their respective sales in 1983, while the corresponding shares of groundnuts and canned food were only 4 per cent and 2 per cent, respectively. (See Annex Table A-4).

The ratio of actual to planned exports did not exceed 31 per cent in 1983, reflecting that the limited expansion accomplished in production went partly to satisfying local demand and the balance was left unsold (stocks) since exports virtually declined. This is confirmed by the fact that the rate of implementation of planned production and planned domestic sales were both 89 per cent for that year (Annex Table A-7). In 1984, the tentative rate of implementation - actual to planned exports - went up to 48 per cent. Exports of cotton linters were three times larger than in 1983, which more than doubled total exports by the Organization. At the same time, and despite a decline in production, exports of canned food increased. This was made possible from accumulated stocks, since in 1983 only 62 per cent of the output produced was sold. Contrary to plans, however, exports of dehydrated onions fell considerably, while exports of groundnuts were discontinued.

Due to increased local demand, exports of some products, like biscuits and canned food products have been discontinued as of 1981, with the exception of tomato paste; while they declined considerably in the case of beverages, groundnuts and bottled mineral water. While growing domestic demand diminishes export potential, the high cost of production renders food products non-competitive, even in their natural neighbouring outlets, and makes access

into others more difficult. Furthermore, with neighbouring countries producing similar products (e.g. mineral water, groundnuts) and imposing protection measures, competition becomes more severe.

Table 3 shows the increase in the prices of locally purchased agricultural raw materials for processing within the units of GOFI between 1980 and 1984.

Table 3. Prices of Locally-Purchased Agricultural Raw Materials (LS/kilogramme)

	1980	1981	1982	1983	1984
Cotton seeds	0.52	0.52	0.72	0.86	0.86
Tomatoes	0.65	0.75	0.75	0.80	0.85
Fresh onions	0.35	0.50	0.65	0.65	0.65
Groundnuts	2.50	3.70	4.70	4.85	5.25
Grapes	0.75	0.95	0.95	0.95	1.05
Milk	1.30	1.70	1.75	1.75	1.85

Source: General Organizations for Food Industries

A case in point is tomato paste, the production of which has expanded sufficiently to satisfy local demand and produce a surplus for exports, which warranted an immediate search for export outlets. However, its high cost of production reduced its competitiveness and ability to penetrate new markets. For instance, 37 per cent of output of canned food (primarily tomato paste) were left unsold in 1983. The purchase price of tomatoes for processing, which is basically determined by the Supreme Agricultural Board, is often much higher than elsewhere 1/. The payment of the twenty-year old surtax on agricultural production adds to the cost of production. In addition, the payment of high transportation fees due to the distances separating production sites from processing plants and increasing the risk of perishability of

1/ The price of one kilo of tomatoes for processing is LS 0.85 in Syria, compared to LS 0.10 in China, LS 0.35 in Greece, LS 0.25 in Hungary, LS 0.20 in Morocco and less than that in neighbouring Turkey.

tomatoes contribute to raising the cost of production of tomato paste. Thus, with raw materials inputs comprising 60 per cent of the total cost of production, it becomes evident that the export price of tomato paste is rendered less competitive by comparison with international market prices 1/. Tomato paste is exported largely to the U.S.S.R. and East Germany under bilateral arrangements, and to Kuwait. Negotiations with some Western European countries (at agreed prices) could open that market for Syria's production.

The high cost of production of groundnuts 2/ has raised the selling price even in the domestic market and aggravated the tendency for smuggling cheaper peanuts. Groundnuts are exported to the U.S.S.R. and other Eastern European countries under bilateral arrangements, and some to Jordan and Saudi Arabia. The output of dehydrated onions is almost entirely exported to the U.S.S.R. and Western Europe; and cotton linters to Europe, Japan and Korea, under annual contracts. Since demand exists for these two products in these markets, disposal of the envisaged expansion in production should not be a problem. Meanwhile, the location of new outlets for pomoting exports should be a concern since there are unsold stocks of dehydrated onions, canned food, cotton linters, and alcoholic beverages other than beer.

Exports of bottled mineral water have dwindled and almost disappeared during the period reviewed. This is largely due to increased local demand in response to changing consumption patterns and the limited growth in installed

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1/ One ton of Syrian tomato paste costs $1830 (based on the rate of LS 4.50 to the dollar (50 per cent at the parallel market rate and 50 per cent at the official exchange rate), while the international market price does not exceed $800 per ton. The Italian product is offered at $430 per ton.

2/ The price of one kilo of groundnuts is LS 5.25 which is much higher than in any other producing country. The cost of producing one ton of unshelled groundnuts in Syria is $1430, of which $1061 represents the cost of raw materials from the farm. The corresponding cost for American groundnuts sold in Western Europe is $700 and for Indian groundnuts is $920. The international market price of groundnuts does not exceed $850 which is much less than the purchase price of raw groundnuts from the Syrian farmer, as imposed by the Supreme Agricultural Board.

capacity of existing facilities, which are already working at full capacity. Nevertheless, no expansion in the production of bottled mineral water is envisaged in the near future for a number of reasons. Exports of bottled water are currently faced with severe competition in neighbouring Arab countries which constitute its natural outlets. This is attributed to high cost of production, since 75 per cent of inputs are imported (plastic bottles, caps and cardboard packing boxes) and transportation is costly due to the bulky nature of the item. Furthermore, some of the neighbouring countries have set up their own plants and have imposed measures to protect their local production (for example, Saudi Arabia imposed a 20 per cent tariff). Therefore, with local demand growing and foreign demand limited, the prospects for exports of bottled mineral water become negligible.

Profitability

Out of twenty GOFI companies, six were operating at a loss in 1983. As a percentage of sales, however, net profits of GOFI companies grew from 8.2 per cent in 1980 to 8.8 per cent in 1983. It is anticipated that this rate might reach 9.9 per cent of sales in 1984.

The six companies that incurred losses were those of groundnuts, dehydrated onions, macaroni and the three newly established companies for canned food. For the fourth consecutive year the company producing dehydrated onions has been operating at a loss and indications point towards a continuation of this trend, at least in the short-term. Until 1982, the groundnuts company has been profitable, after which it operated at a loss. Profits or losses appearing on the balance sheets of some companies, however, are obscured by cost accounting and pricing practices. The fictitious exchange rate, the unfavourable purchasing price of agricultural raw materials and the fixed selling price imposed by the State, produce an unrealistic profit and loss statement at the level of the firm. For instance, if the prices of biscuits and cotton seed products were to be adjusted in line with the increase in the prices of flour and cotton seeds, then the financial statements would have shown a more profitable and realistic picture.

Problems and Prospects

During 1980-1984, the performance of GOFI has been adversely affected by insufficient raw materials supplies; high cost of production, manpower problems, technical and financial difficulties, and inefficiency in marketing techniques and distribution of products.

Insufficient and irregular supplies of some agricultural raw materials (e.g. groundnuts, onions, green beans, apricots, fresh milk) are often behind idle capacity, interruptions in production lines and lower level of output. The inferior quality and high cost of production render these products non-competitive in both the domestic (aggravated by smuggling) and foreign markets.

The absence of marketing research, lack of trade centres abroad and minimal participation in international trade fairs are real deterrants to the volume of sales. The fact that distribution (sales and exports) is confined to public sector enterprises and that intermediaries are banned by law has not been conducive to expanding sales and, at times, has led to stocking which in the case of agricultural products with a short "shelf-life" is risky.

This is compounded by problems of transportation to destination. First, arrangements for delivery have to be made through the public sector office "by turn" which could be affected by the disposition of the driver and the condition of the vehicle. This results in delays in shipments with the risk of deterioration in quality (perishability) causing loss of part of shipments or breaches in contracts. Second, securing transit visas for the vehicles and the drivers is a complex procedure which is often influenced by political relations.

Shortages of qualified manpower to run and maintain the facilities is often at the root of technical problems. The low salary scale has resulted in a drain of scarce talents from the public sector to other sectors and abroad. Overstaffing, particularly at the managerial and supporting services level, but also at the level of semi-skilled workers adds to costs. The appointment of graduates from intermediate technical institutions has been at times imposed on the Organization irrespective of the real need for such skills.

In the technical domain, obsolete machinery, insufficient and irregular supplies of spare parts and components and recurrent power failures were the cause of interruptions in production and idle capacity. Insufficient fund

allocations and delays in establishing lines of credit for replacement and modernization of obsolete machinery and for securing sufficient supplies of spare parts and components pose a serious handicap to the performance of the Organization.

Exports are self-financed, payments are effected through establishment of credit lines and insured with the National Syrian Insurance Company. This by itself constitutes a major constraint to export growth, given the liquidity problem and the scarcity of foreign exchange.

In view of the problems outlined above, the medium-term prospects for expanding exports of food products appear limited. The promotion of exports is largely dependent on the location of new export outlets and the reduction in the costs of production to make exports more competitive. Exports of cotton linters are anticipated to grow with the implementation of plans for expansion of facilities. Exports of groundnuts have no growth potential because of plans to reduce the planted area. Exports of dehydrated onions and canned food products could expand if the supply of inputs is assured, since the capacity for production has been recently expanded, and provided new markets were established. Exports of bottled mineral water have limited prospects due to competition in the traditional markets.

In order to promote exports consideration should be given to abolish the 20-year old surtax on agricultural production and study the possibility of subsidizing exports. The State-imposed pricing system (purchase price for agricultural inputs and selling price for products) should be reviewed to allow for a realistic profit margin. Proper cost accounting should be undertaken, utilizing a realistic exchange rate to show profits at the level of production units and to provide the workforce with an incentive to expand production. The system of production incentives could be developed to apply to all production units. The services provided by the public sector office "by turn" for surface transportation of exports should be rendered more efficient. Modern marketing research techniques should be introduced through supporting the role of the External Trade Centre in disseminating information on products and potential exports and in order to retain a foot-hold in the traditional markets. Long-term trade arrangements rather than annual contracts should be resorted to, in order to ascertain stability of export outlets. The importance of more active participation in international trade

fairs and exhibitions should not be undermined, as it is an important instrument for trade promotion and disseminating information to potential consumers. Last, but not least, all efforts should be exerted to locate new export outlets, by attempting to reduce cost of food products to make them more competitive.

II. GENERAL ORGANIZATION FOR TEXTILE INDUSTRIES*

The General Organization for Textile Industries occupies a predominant position among the public sector general organizations producing exportable products, namely food, chemicals, cement and engineering. It employs 38 per cent of the total workforce of these five organizations; in 1983, it was responsible for one-third of their combined sales and three-fourths of exports. The commodities produced by the Textiles Organization are more export-oriented than those produced by the other four enterprises, whose production is primarily intended for the domestic market.

The twenty-four companies belonging to the General Organization for Textile Industries are engaged in producing yarn and fabrics of cotton, wool and synthetic fibres (i.e. main activities include spinning, weaving and finishing fabrics), hosiery, underwear and outergarments, machine-made carpets of wool and silk, furnishings and various textile articles. Seventeen companies produce yarn and fabrics, of which ten are specialized in cotton fabrics and yarn, two in wool and five have mixed lines of production. Of the rest, two companies produce underwear, two produce outergarments, two produce machine-made carpets and one produces nylon hosiery 1/.

The main items exported are cotton yarn and fabrics, followed by woollen and synthetic fabrics, underwear, machine-made carpets of wool and silk, some outergarments, brocades, and hosiery. Cotton yarn and greycloth fabrics for printing constitute, by far, the main items produced, sold and exported by the Organization. The Organization is responsible for supplying the domestic market with textile articles for sale at the popular retail shops. It also supplies the private sector with yarn for weaving and hosiery and the other industries with textile items like bags for sugar, cement and flour.

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* The discussion in this section is based mainly on information contained in Table 4.

1/ For the list of the names of companies belonging to the General Organization for Textile Industries, see Annex Table A-1.

Table 4. General Organization for Textile Industries, Selected Data (1980-1984)

	Unit	1980	1981	1982	1983	1984	Average Annual Rates of Growth (%) 1980-1983	1983-1984	1980-1984
Employment	number	23800	23993	24479	23918	24488	0.2	2.4	0.7
Production (current prices)	mln LS	942.0	1268.0	1538.5	1734.8	2056.4	22.5	18.5	21.0
Annual variations	%	...	34.6	21.3	12.8	18.5			
Production (constant 1980 prices)	mln LS	942.0	959.5	1108.4	1302.9	1415.1	11.4	8.6	10.7
Total sales	mln LS	859.0	1184.7	1418.1	1856.1	1947.4	29.5	4.9	22.5
Domestic sales	mln LS	804.7	1086.3	1287.8	1492.2	1668.4	23.0	11.8	20.0
Exports	mln LS	54.4	98.4	130.2	363.9	279.0	100.0	-23.3	50.0
Exports as % of sales	%	6.3	8.3	9.2	19.6	14.3			
Accumulated invested capital	mln LS	1283.2	1297.6	2529.5	2611.0	2897.9			
Investment	mln LS	85.2	110.7	159.4	103.3	21.2			
Ratio of actual to allocated investment	%	42.6	43.3	63.2	34.4	9.1			
Fixed assets	mln LS	...	...	1142.9	1233.3	1833.8			

Source: General Organization for Textile Industries (various reports); Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract, 1985., and Bulletin for Production and Sales of Industrial Public Sector, 1983 (October 1984), in Arabic.

Production

The value of production in the companies attached to the Organization almost doubled between 1980 and 1983 to reach LS 1.7 billion, or at the rate of 22.5 per cent per annum. It grew by a further 18.5 per cent in 1984 to two billion Syrian Pounds. In constant 1980 prices, the corresponding rates of growth were 11.4 per cent per annum and 9 per cent, respectively. The expansion in physical production between 1980 and 1983 was the result of the commencement of production in two new companies, one in Idlib for yarn (1982) and one in Lattakia for textiles (1983); while in 1984, output increased because of two other new units which have been constructed for silk (Dreikishe) and yarn (Hasaka).

In 1983, cotton fabrics accounted for 35 per cent and cotton yarn for 30 per cent of total production of the Organization. These were followed at a distance by woollen fabrics which accounted for 8 per cent, while each of woollen carpets, underwear and outergarments constituted around 5 per cent of total production (see Table 5).

Between 1980 and 1983, the physical output of cotton fabrics, the Organization's major item, grew at the rate of 11 per cent per annum and that of cotton yarn increased by 22 per cent per annum, before both declined by 9 per cent and 7 per cent, respectively, in 1984. In contrast, output of woollen carpets grew by 16 per cent per annum, between 1980 and 1983, and by 12 per cent in 1984. A slow growth was discerned for the remaining items produced by the Organization ranging between 4 and 12 per cent per annum between 1980 and 1983. In 1984, production of silk carpets declined by 18 per cent, woollen yarn by 8.8 per cent and underwear by 2.4 per cent. Output stagnated or grew very slowly in the case of woollen fabrics and hosiery; while impressive growth was recorded for synthetic threads and fibres (70 per cent). (See Annex Table A-2).

Capacity utilization

The erection of four new plants during the period reviewed in Idlib, Hasaka, Lattakia and Dreikishe for yarn, silk and fabrics increased significantly the installed productive capacity of the Organization. Notwithstanding the implementation of modernization and replacement projects during 1980-1984, capacity utilization remains a major concern of the

Organization and an obstacle to higher productivity and reduced costs. A considerable portion of the machinery and equipment is obsolete and in need of constant repair and maintenance to avoid sudden failure and frequent interruptions in production lines. Power failures, technical difficulties and shortages of qualified technicians constitute additional reasons for idle capacity.

The average capacity utilization for the Organization, as a whole, improved from 77 per cent in 1983 to reach 85 per cent of potential capacity in 1984. The capacity utilized was the highest for synthetic yarn (90 per cent) and lowest for synthetic fabrics (79 per cent). For cotton yarn, the capacity utilized reached 82 per cent after a 58 per cent utilization in 1983 and at the same time improved to 87 per cent for cotton fabrics from 61 per cent. The corresponding rates for undergarments and outergarments were 80 per cent and 85 per cent, respectively. (See Table 19 and Annex Table A-7).

Employment and Productivity

Overstaffing remains one of the major problems that has adversely affected the performance of the Textile Organization as a whole and reduced productivity in its plants. Measures to reduce redundant labour would not only face social pressures but, more important, will be viewed as inconsistent with the States' overall policy of ensuring employment opportunities.

The number of persons on the Organization's payroll totalled 23800 in 1980, a decline by 2 per cent from 1975. The workforce was estimated to reach 27669 by end 1984, i.e. an overall increase of 16 per cent. In reality, however, the labour force totalled only 24488 in 1984, or 3 per cent above its 1980 level. This modest increase included staffing of two companies which had been set up in 1982 and 1983 in Idlib and Lattakia, and two new companies which commenced operations in 1984 in Dreikishe and Hasaka for spinning and yarn production and which provided 2626 new jobs. This was offset by some labour shedding in 12 companies, most of which took place in two of the companies producing underwear and outergarments, where the level of employment was reduced by 11 per cent. Consequently, the workforce in 1984 was only 2 per cent higher than in 1983.

While overstaffing is prevalent, there is also a shortage of skilled manpower to operate modern equipment. This constitutes another factor lowering productivity. In constant 1980 prices, labour productivity diminished by 12 per cent in 1984, as a result of its decline in 14 out of 24 companies belonging to the Organization. In current prices, however, labour productivity in the Organization as a whole improved by 9 per cent in 1984, despite its having declined in eight of the 24 companies attached to it. In nine companies, where a rise in productivity was reported, this was associated with a reduction in the number of persons employed; while in three other companies lower productivity was associated with an increase in level of employment. Overstaffing is a major reason for raising payroll costs and rendering the cost of production less competitive. For instance, wages and salaries accounted for an average of 35 per cent of total cost of production in 1984.

Investment

Investment outlays were highest in 1982, when they reached LS 159 million due to the construction of the new plants in Idlib and Lattakia. In 1983 investment totalled LS 103 million, with expenditure on equipment alone amounting to LS 68 million for the new plants in Hasaka and Dreikishe. The ratio of actual to allocated investment expenditures, after having reached 63 per cent in 1982, dropped dramatically to 35 per cent in 1983 and was only 9 per cent in 1984. The underlying reasons for failure to effect disbursements lie largely in the delays in establishing the necessary lines of credit for disbursements.

Sales and Exports

Total sales (domestic plus exports) of the Organization expanded at the rate of 29.5 per cent per annum between 1980 and 1983. In 1984, with a decline in the sales of twelve companies producing yarn and fabrics, due largely to diminished output, total sales grew by 5 per cent only. Cotton yarn and fabrics are the major items produced and sold. Together, they represented around 64 per cent of total production and sales of the Organization and 75 per cent of exports in 1983 and 1984. Outergarments accounted for 8 per cent of total sales, over 6 per cent by woollen fabrics,

while around 9 per cent was equally shared by underwear and woollen carpets. Exports are dominated by cotton yarn which accounted for 46 per cent of the total, followed by cotton fabrics with 29 per cent. Underwear, synthetic fibres, woollen fabrics and carpets together represented around one-fifth of total exports in 1983. (See Table 5).

Table 5. General Organization for Textile Industries: Percentage shares of selected items in production, sales and exports, 1983

	Percentage Shares			Exports as
	Production	Sales	Exports	% of Sales
Cotton yarn	29.6	32.3	46.1	28.4
Cotton fabrics	34.5	31.0	29.0	18.4
Woollen fabrics	7.7	6.5	6.0	22.9
Underwear	5.2	4.5	6.9	30.0
Woollen carpets	4.6	4.2	4.1	19.1
Outergarments	5.1	8.4	0.5	1.2
Synthetic fabrics	1.5	1.5	5.7	79.5
Hosiery	0.6	0.5	0.0	1.5
Silk carpets	0.6	0.6	1.4	45.8
Synthetic yarn	2.1	2.0	0.0	0.0
Total (mln. LS)	1734.8	1856.1	363.9	19.6

Source: See Annex Tables A-4 and A-5.

The cost of production of items manufactured by the textile companies is generally competitive. This is due to a large extent to the preferential and arbitrary price (determined by the Supreme Agricultural Board) at which raw cotton is purchased by the ginning plants. These, in turn, sell cotton fibres to the spinning mills at considerably lower than world market price, for equal quality. However, the compulsory ceiling selling price, imposed by the State for social reasons, is sometimes lower than the cost of production, thus, eliminating the profit margin which could be realized at the level of the firm. This is not only reflected negatively in the profit and loss statement, but also in the discontinuation of production of certain items and their disappearance from the market, or a lowering of their quality by eliminating certain features from the product to reduce costs.

In principle, profits realized by the various companies of the Organization should be transferred to the Ministry of Finance. In reality, however, these are retained by the Organization. But, these are generally not sufficient for the Organization to cope with its requirements for re-investment, renovation of equipment and/or replacements, which leaves it with an acute liquidity problem. The rate of foreign exchange plays a critical role in cost and revenue accounting and in determining the value of exports and profits on sales. To rectify this, the unit price for a number of items has been adjusted upwards by the State in 1984.

Exports of the Organization grew at an average annual rate of 100 per cent during 1980-1983. In 1983, the Organization was able to export more than what it had planned, i.e. the ratio of actual to planned exports was 107 per cent, and to accommodate this from the expansion in production. This reflected the rise in foreign demand for cotton yarn and greycloth with exports effected within the framework of bilateral agreements and contracts. In contrast, the value of exports declined by over 23 per cent in 1984. In 8 out of the 24 companies attached to the Organization, exports declined substantially and in another 8 no exports were recorded. The decline in the output of cotton yarn and fabrics adversely affected exports more than domestic sales which grew by 12 per cent while exports declined by 23 per cent below their 1983 level.

Measured as a percentage of sales, the share of exports dropped to 14 per cent in 1984 after having grown from 6 per cent in 1980 to 20 per cent in 1983. At a more disaggregated level, 80 per cent of the sales of synthetic fabrics and 46 per cent of the silk carpets were made abroad. What is more significant is that 28 per cent of the sales of cotton yarn and 18 per cent of those of cotton fabrics were directed for exports. (See Table 5). Measured in physical terms, exports represented around 70 per cent of the sales of synthetic fibres and 40 per cent of those of silk carpets and underwear. The corresponding shares for cotton yarn and cotton fabrics were 30 per cent and 18 per cent, respectively. These are significant in view of their weight in total sales. Moreover, it is worth noting that in the case of hosiery, wool carpets and underwear there was a surplus of production over sales which could have been exported, had there been sufficient demand or adequate search to locate markets. (See Annex Table A-4).

Exports to traditional outlets (neighbouring Arab markets) have been facing strong competition from similar, less costly and more attractive products (mainly Taiwan, Korea, Hongkong). The absence of marketing research to keep abreast with changing consumption patterns and tastes (fashion, texture and design), have also contributed to erode Syria's position in these markets. The comparative advantage of the private sector, in this respect, is its flexibility and dynamism especially against changing fashion and tastes.

Exports are mainly directed to the Eastern European countries (U.S.S.R.) and Arab neighbouring countries. There is also an agreement between the European Economic Community (EEC) and the Syrian Arab Republic to facilitate entry of Syrian textile products. Nevertheless, these products are still faced with severe competition and protectionist measures in the EEC market. Currently, exports of cotton yarn to the EEC are not being subjected to quota limitations, but piece goods and textile fabrics are classified as "sensitive" products. If customs duties were to be gradually reduced for some products and completely eliminated for others (e.g. cotton greycloth) and import quotas raised for "sensitive" products, the potential for growth of Syrian exports to the EEC would be greatly enhanced.

Exports to Iran, Libyan Arab Jamahiriya and the U.S.S.R. are strongly influenced by non-economic considerations and are governed by bilateral trade and payments agreements and annually revised trade protocols. In general, export transactions are undertaken on the basis of annual contracts, implying a considerable element of instability. The difficulties in penetrating new markets for exports of textile products, do not generally apply to yarn and, to a lesser extent, greycloth. These items are relatively simple and their exports are not governed by conditions and sophisticated specifications which are difficult to meet. In the case of other textile products, there is a need to abide by the standards and specifications for width, length, texture and quality, to be dynamic and flexible in response to changing tastes and seasons and to be subjected to strict measures of quality control. These are compounded by the fact that Syria is not a party to the Multi-Fibre Arrangement (MFA) which governs access of developing countries' exports to the developed countries.

As an export incentive, cotton yarn and some greycoth exports are subsidized by the State. These are subjected to some internal control by the External Trade Center prior to shipping. According to the sales contracts, international firms are also contracted to control the quality and specifications of the goods exported. However, special efforts need to be exerted in the field of researh and development to improve on the quality and specifications of textile products, particularly piece goods, in order to make them more competitive.

Prospects

Exports of yarn are relatively simple and their growth is, more or less, stable. The prices are competitive, the quality is acceptable to customers and the demand is increasing, particularly in neighbouring countries which are developing their own textile industries. The demand for Syrian yarn in Eastern European countries is governed by bilateral trade protocols and agreements. In the European Economic Community (EEC), Syrian yarn enjoys a preferential treatment and is not subject to quota limitations under the terms of the agreement between the EEC and the Syrian Arab Republic.

The issue is different with respect to cotton piece goods and other textile articles whose access to international markets, particularly those of the developed-market economies in which they are classified as "sensitive" products, is more difficult. Moreover, exports of these goods have to abide by international standards or sophisticated specifications relating to quality, length, texture, composition of fibres and colour. The Syrian Arab Republic may benefit from becoming a party to MFA and improved access efforts should be exerted to negotiate better terms to facilitate access to the EEC market. The potential for growth of textile exports exists, since in some items even a surplus of production over sales is available (viz. hosiery, underwear and wool carpets). However, market research should be undertaken seriously to keep abreast with changes in consumers tastes and fashion. Moreover, the export potential could be enhanced through direct research and development (R & D), or its adaptation.

III. GENERAL ORGANIZATION FOR CHEMICAL INDUSTRIES*

The General Organization for Chemical Industries was established in October 1975 and began operations early in 1976. It controls and manages thirteen companies and four projects that manufacture a wide range of products: one company and two large projects produce fertilizers (nitrogenous fertilizers, triple superphosphates (TSP), ammonia and urea); two companies produce glass and ceramics; a project for electric bulbs; a company for paints and varnishes; two companies for rubber products and one for detergents; one leather tanning company and a project for pickled sheepskins; one company for leather footwear; one company for paper and pulp; and one company for each of tyres, plastic products and pharmaceuticals 1/.

Production of the Organization is primarily directed to satisfy domestic use, leaving exports dependent on a highly variable surplus. The Organization's traditional export items are pickled sheepskins, the largest single exported item, and glass products. In recent years, paints, detergents, phosphatic fertilizers, sports shoes and ballpoint pens emerged as significant, though irregular, exports. Exports, are carried out within the context of bilateral trade and payments agreements mainly with the U.S.S.R. and other Eastern European countries, and Iran. Burma, Hungary, and Jordan are also important customers where transactions are conducted according to annual contracts, carrying no element of continuity.

Production and capacity utilization

Between 1980 and 1983, the value of production in the General Organization for Chemical Industries expanded at the rate of 62 per cent per annum; and was expected to grow by another 35 per cent in 1984. Fertilizers (nitrogenous and phosphatic) constituted around 40 per cent of the total value of production in 1983. These were followed, albeit at a distance, by tyres (10

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* The discussion in this section is based mainly on information contained in Table 6.

1/ For a list of the companies belonging to the General Organization for Chemical Industries, consult Annex Table A-1.

Table 6. General Organization for Chemical Industries, selected data (1980-1984)

	Unit	1980	1981	1982	1983	1984	Average Annual Rates of Growth(%) 1980-1983	1983-1984	1980-1984
Employment	number	10827	9427	12157	11971	13731	3.4	14.7	6.1
Production (current prices)	mln LS	334.1	622.2	1046.6	1420.2	1914.9*	62.0	34.8*	50.0*
Annual variations	%	--	86.2	68.2	35.7	34.8*			
Production (constant 1980 prices)	mln LS	334.1	553.3	727.5					
Inputs as % of production	%	70.0	60.0	83.0	79.0	74.0*			
Total sales	mln LS	309.6	514.5	912.5	1304.1	1899.3*	60.0	45.6*	60.0*
Domestic sales	mln LS	286.4	480.0	882.1	1251.6	1552.4*	60.0	24.0*	55.0*
Exports	mln LS	23.2	34.5	30.4	54.1	346.9*a/	32.5	540.7*	90.0*
Exports as % of sales	mln LS	7.5	6.7	3.4	4.2	18.3*			
Accumulated invested capital	mln LS	1293.3	4958.9	5013.9	5203.8	4726.6			
Investment	mln LS	265.7	324.9	530.0	79.2	24.0			
Ratio of actual to allocated investment	%	64.5	96.0	200.0	35.4	14.9			

Source: General Organization for Chemical Industries (various reports); Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract, 1985; and Bulletin for Production and Sales of Industrial Public Sector, 1983 (October 1984), in Arabic.

a/ Preliminary data indicate that exports were around LS 52 million.

* Planned estimates.

per cent), glass and ceramics (9 per cent), pharmaceuticals, shoes and detergents (7 per cent, each); while tanned leather, paper and pulp and paints were equally responsible for 15 per cent of total production. A new line of production was installed to produce plastic sewage pipes.

In the early eighties, five new plants belonging to the Chemicals Organization were constructed. In 1981 two plants were constructed: one for paper and pulp and one for electric bulbs. One plant for producing inner and outer tyres started regular production activities in 1982. Two new projects were set up to produce phosphatic fertilizers: one for triple superphosphate (TSP), and one for ammonia and urea. These projects commenced production in 1981. However, for technical difficulties and problems with the foreign contracting firms production went back to trial phase in 1982 and 1983. In 1984, most of the technical problems were solved and normal production activities were resumed.

During 1980-1983, the highest growth rates in physical production were attained by detergents (60 per cent) and fertilizers (40 per cent), followed by paints (36 per cent). The production of pickled sheepskins grew slowly at the rate of 3.8 per cent and output of glass and ceramic products almost stagnated at 0.6 per cent, while production declined for rubber and sports footwear at the rate of 4.7 per cent per annum. In 1984, production of phosphatic fertilizers expanded by 26 per cent and of glass and ceramics products by 40 per cent; while slow growth persisted in the case of tanned leather and pickled sheepskins (4 per cent). Physical output declined for most of the remaining items produced by the Organization, notably paints (17 per cent), detergents (10 per cent), nitrogenous fertilizers (2.2 per cent), and rubber footwear (0.3 per cent). 1/

The ratio of actual to planned production for the Organization as a whole reached 67 per cent in 1983, revealing the prevalence of idle capacity in a number of productive units. The performance of individual units varied considerably from one line of production to another. For example, the lines producing tanned leather and hides, ballpoint pens, electric bulbs and rubber sports shoes, were working at full capacity or close to it. Production in these units relies more on local inputs than on imported raw materials (30 to

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1/ See Table 7 and Annex Table A-2.

Table 7. General Organization for Chemical Industries: Selected Indicators, 1983

	Utilized Capacity	Growth of Physical Output (1980-83)	Percentage shares				Exports as % of Sales
			Production	Total Sales	Domestic	Exports	
Tanned hides and skins	100	-3.8	4.9	5.0	5.2	-	-
Ballpoint pens	100	...	0.2	0.2	0.1	3.4	63.1
Footwear, sports, plastic and rubber	91	-4.7	1.6	1.8	1.8	2.7	17.4a/
Electric bulbs	90	...	1.6	1.4	1.4	-	-
Footwear, leather	71	...	5.2	6.0	6.2	0.6	0.5b/
Pickled sheepskins	60	3.8	0.7	0.3	-	7.0	100.0
Tyres	46	...	10.0	8.9	9.3	-	-
Detergents	37	60.0	6.5	8.0	7.3	23.2	12.3
Paints	36	36.0	5.2	5.8	5.3	15.3	22.8c/
Plastic and rubber products	26	...	1.6	1.6	1.6	-	-
Glass and ceramics	25	0.6	8.9	9.1	9.0	10.5	6.4
Paper and pulp	24	...	4.6	4.4	4.6	-	-
Fertilizers	20	43.0	39.0	36.7	36.6	37.3	5.3d/
Plastic sheets for greenhouses	15	...	0.4	0.4	0.4	-	-
Pharmaceuticals	12	27.5	7.4	8.0	9.4	-	-
Total (million LS)			1420	1304	1252	54.1	4.2

Source: See Annex Tables A-2, A-4 and A-5.

a/ Percentage of sports shoes.
b/ Percentage of men's footwear.
c/ Percentage of oil paints.
d/ Percentage of phosphatic fertilizers, urea, ammonia and aluminium flouride.

35 per cent). Moreover, in most of these plants, a system for quality control, systematic and regular maintenance of machinery was installed to raise efficiency and improve capacity utilization. In the plant producing ballpoint pens, two labour shifts have been running the facilities and a third is envisaged soon; while in tanned leather and rubber shoes, a system of production incentives has been recently introduced to motivate workers and raise productivity.

Insufficient supplies of raw materials for pickled sheepskins resulted in utilization of 60 per cent of installed productive capacity in 1983. Old and inefficient facilities in the leather footwear plants and severe competition from the private sector regarding quality, design, and prices led to cuts in production and under-capacity utilization of existing facilities (71 per cent of potential capacity). The manufacturing of shoes, like clothing, is a dynamic line where production has to develop and respond quickly to changing tastes, designs and seasons. In addition, it requires flexibility with respect to quick decisions pertaining to prices and, hence, competitiveness. Rigidities in public sector procedures and practices are major obstacles in this respect, particularly when it entails State-controlled selling prices and inferior quality of goods. In contrast, the private sector with its entrepreneurial spirit and dynamism is better equipped in this respect and is a strong competitor to the public sector. Efforts to improve the quality of tanned leather for producing better quality shoes have been pursued recently. However, the compulsory selling price (cost plus 10 per cent profit margin) imposed on the public sector product remains an important disadvantage.

The main deterrants in the mechanisms of production of tyres, detergents and paints is their heavy reliance on imported raw materials. The inevitable delays in establishing lines of credit and securing foreign exchange were the cause for recurrent interruptions in production lines and sometimes standstill for long periods. This led to under-utilization of capacity for producing tyres (46 per cent), detergents (37 per cent) and paints (36 per cent). In addition to insufficient and irregular supplies of imported raw materials, other factors are behind the low capacity utilization (around 25 per cent in 1983) in the plants producing plastic, glass and ceramics, paper and pulp such as, recurrent power failures, irregular supplies of spare parts and equipment and delays in receiving them due to unloading problems at ports, need for

rehabilitation and modernization of old plants (glass and footwear) and technical problems with foreign firms responsible for execution and running new plants (paper and pulp). In effect, for the duration of six months in 1983 production came to a standstill in the glass and ceramics plants in Damascus for purposes of maintenance; operations were resumed in early 1984. Misunderstandings related to implementation of the terms of agreement with the firm running the new paper and pulp plant led to considerable delays in commencing regular activities. The need to improve quality and acquire technical expertise in running the paper plant, compelled the company to call for the technical assistance of outside experts.

While power failure is a major problem in the case of fertilizers plants, the low capacity utilization (20 per cent) is basically a technical one. Production in the triple superphosphates plant (TSP) ran into technical difficulties and then came to a standstill for six months in 1983 as a result of misunderstandings with the foreign firm running the plant.

Physical production is anticipated to expand during the forthcoming Sixth Five-year Plan with development, rehabilitation, renewal of equipment and modernization projects in the pipeline and others under review. In particular, projects for expansions in production lines of the tyres plants, rehabilitation and adequate maintenance of old facilities for leather shoes and glass products are under consideration in order to increase efficiency and reduce waste and idle capacity. There are also plans to improve existing productive capacity by introducing a system of production incentives, increasing the number of labour shifts, ensuring timely delivery of spares and components, constructing special power plants to cater to fertilizers, paper and pulp plants and/or acquiring power-generating units for emergency purposes, in addition to centralizing the management of the widely dispersed units producing similar items (leather, rubber, glass).

Pickled sheepskins have been produced entirely for export. However, recently further processing of tanned leather and pickled sheepskins has been introduced to produce finished goods such as handbags and leather jackets. This will tend to reduce future exports, unless supplies are expanded. There is also a project to produce locally raw materials for paints and varnishes in order to reduce reliance on imports. There is another project to use natural

gas instead of naphtha, an essential input in the production of fertilizers which is extremely costly. This will reduce the cost, mainly of urea, considerably.

Investment

After having reached 96 per cent in 1981 and 200 per cent in 1982, largely explained by the execution of projects carried over from the preceding plan, the ratio of actual to allocated investments in the Organization dropped to 35 per cent in 1983 and further to 15 per cent in 1984. This low ratio is largely due to delays in approving budgetary allocations, establishment of lines of credit and difficulties in securing the requisite financing for expansion and development projects, rehabilitation and maintenance purposes.

During 1980-1982, the high level of investment outlays attained was largely due to the construction of five new plants: paper and pulp, tyres, triple superphosphates, urea and ammonia and electric bulbs. In fact, in 1982, investment expenditures amounted to LS 530 million, 85 per cent of which were outlays for establishment expenditures and trial runs. Subsequently, investment dropped to LS 79.2 million in 1983, before falling to LS 24 million in 1984; a reflection of the completion of a major phase and financial constraints.

During the period 1980-1984, the largest investment allocations and actual expenditures went to the triple superphosphates project followed by the electric bulbs plant and the paper and pulp plant; while the lowest investments were made in producing paints, glass products, rubber tyres and the urea-ammonia project. In 1983, only 10 per cent of allocated investments for rehabilitation and replacement projects and 16 per cent of those for modernizations (glass, ceramics, paints, plastics, and pharmaceuticals) were actually spent. Some of the funds which had been allocated since 1980 for the establishment of new lines of production like, the rubber conveyor belts and the veterinary medicines, were not spent.

As part of the overall industrialization policy of import-substitution and self-sufficiency, and in an effort to improve productivity and efficiency, reduce costs of production and waste, projects are being developed to produce locally the requisite inputs for the manufacturing of paints and varnishes instead of relying on imported raw materials. New lines of production are

envisaged like production of polyethyline bags for fertilizers, synthetic fabric bags for grains, sugar and rice; plastic and cardboard containers for detergents; and plastic bags for bread; and rubber conveyor belts.

In addition, there are projects for the expansion of productive capacity and modernization of existing facilities. For example, the productive capacity of Hama Tyres Company is to be boosted by 25 per cent; production in the paper and pulp plants will be raised substantially to meet local demand; new production lines are to be added to the electric bulbs and to the ballpoint pens plants to improve export prospects. There is also a plan to raise productive capacity in tanning companies by 50 per cent in order to meet domestic needs, and to centralize the management of tanneries in the Syrian Arab Republic. Furthermore, plans for further processing of by-products of existing lines of production are under study, mainly phosphatic fertilizers and leather tanning.

Employment and Productivity

After having grown at an average rate of 21 per cent between 1975 and 1980, employment grew by 3.4 per cent between 1980 and 1983, reflecting efforts to a avoid overstaffing. Some companies reduced their workforce during this period, (like the General Tanning Company, Urea and Ammonia projects, Kalentro Fertilizers, Glass and Ceramics Company, Rubber Company), while others almost maintained the same level of employment (Glass Company and electric bulbs projects, Footwear). The small growth recorded during this period was a result of staffing of the new plants for paper and pulp and rubber tyres.

Employment totalled 13,731 in 1984 including 3,437 for the three fertilizer plants (Kalentro Fertilizers, Triple Superphosphates and Ammonia Urea Projects). This represented a growth by 15 per cent compared to 1983 in the level of employment, resulting from the commencement of operations of the electric bulbs plant in Aleppo and the substantial increase in the number of workers in the Triple Superphosphates Project (in line with the plan to raise production). The imposed recruitment of graduates from intermediate technical engineering institutes, irrespective of the need for them, constitutes a source of constant complaint by the Organization. Another source of grievance

is the depressed wages and salary scale. In fact, the public sector producing companies have requested the Government to raise the level of wages, salaries and remunerations to become commensurate with those of other public sector organizations, notably the Electricity, Transport and Communications, and Petroleum. This eventually might reduce the ensuing drain of qualified manpower to other sectors.

The productivity of labour in current terms, has risen four-fold between 1980 and 1984. Among other factors, this may be a reflection of the introduction of a system of production incentives in a number of plants (rubber, plastic and leather products, tannery, paper and pulp), a system of quality and output control to reduce waste and increase efficiency (glass and electric bulbs); and a system for automatic and preventive maintenance for machinery (paper and pulp).

It is worthwhile mentioning that, in an effort to improve efficiency and raise the level of productivity the General Company for Fertilizers in Homs (responsible for Kalentro, TSP and Urea) took a significant step and switched into a mixed management (public and private).

Sales and exports

Despite the numerous production problems outlined above and competition from the private sector (e.g. paints, footwear), total sales grew at the rate of 60 per cent per annum between 1980 and 1983, almost at the same pace as that of production. The fact that production has generally exceeded total sales of the Organization has led to the accumulation of stocks, particularly in the case of shoes, tyres, electric bulbs, urea and ammonia, rubber, plastic and glass products and pickled sheepskins. This could be attributed to marketing problems, low demand for the items produced because of the inferior quality and, generally, non-competitive prices. It was noted that in certain cases (shoes) these were sold externally at low prices (may be at a loss) to make them marketable. The presence of stocks has been taken into account when anticipating that growth in 1984 would be greater for sales than for production (46 per cent compared to 35 per cent).

Apart from fertilizers which accounted for 37 per cent of total sales in 1983, the largest single item produced and sold was tyres (inner and outer) which almost comprised one-tenth of total sales. Glass products and ceramics,

pharmaceuticals, detergents and footwear (leather, rubber, plastic and sports) each represented between 9 and 7 per cent; tanned leather and hides, paints and paper each accounted for around 5 per cent; while electric bulbs represented 2 per cent of sales. The balance (less than 2 per cent) consisted of products which have lower local demand but higher export potentials, such as pickled sheepskins and ballpoint pens. (See Table 7).

More than half of the items produced by the Organization for Chemical Industries are primarily intended for domestic use, notably, pharmaceuticals, plastic and rubber products and sewage pipes, tyres, tanned leather and hides, electric bulbs, plastic sheets for greenhouses and paper and pulp. Among these, the production of tyres and electric bulbs exceeded local consumption and as such, may constitute potential export items. Some products are subsidized by the State which has led to their smuggling into neighbouring countries (pharmaceuticals) thereby decreasing the supply at the local market; while, the high price of others (paints and detergents) has aggravated smuggling in of cheaper products and constituted a main source of competition for the local produce which resulted in availability of surpluses for export. Notwithstanding the expansion in production, local demand has been increasingly growing, leaving less exportable surpluses (paints and detergents). For instance, in 1983, domestic sales accounted for more than 95 per cent of total sales; while the share of exports in total sales diminished to 4.2 per cent in 1983 after having constituted 7.5 per cent in 1980 and dropped in the subsequent years. More specifically, and in physical terms, total sales of pickled sheepskins and aluminium fluoride were entirely exports; 47 per cent of ballpoint pens and 28 per cent of paints sold were exported; while 13 per cent of detergents, around 9 per cent of each of sports and leather shoes 1/ and glass products, and around 7 per cent of sales of phosphatic fertilizers were exported in 1983. (See Annex Table A-4).

1/ In value terms, the share of exports of men's leather shoes in total sales was only 0.5 per cent, indicating that they were sold externally at a much lower price than domestic sales.

The diminished significance of exports is basically a translation of the Government's policy to give priority to domestic needs and if possible, to export surpluses of production over local consumption. In addition to growing domestic demand which reduces exportable surpluses, the products' inferior quality and high costs of production render them non-competitive in foreign markets while production bottlenecks due to insufficient and irregular supplies of components and spares has led to breaches of export contracts (paints). There are also acute marketing problems of (access into foreign markets and low demand for the products) which have led to fluctuations in the level and composition of exports and low proportions of exports in total sales. Consequently, the Organization's export performance was much below expectations and only 18 per cent of planned exports were actually effected in 1983.

The level of individual export items ebbed and flowed or ceased depending primarily on the availability of surpluses for exports, and then on the demand and access conditions in foreign markets. This is the case with paints, detergents and fertilizers. The emergence of fertilizers as an important export item does not carry with it an element of long-run continuity, since local consumption is anticipated to grow as a result of the Government's policy to encourage the use of fertilizers in order to raise agricultural production. Currently, fertilizers are being exported to Iran, Hungary, Jordan and Burma. Exports of pickled sheepskins, traditionally the largest single exported item from the Chemicals Organization (in 1975 they represented 52 per cent of total exports) and did not represent more than 7 per cent of total exports in 1983. Exports of fertilizers assumed first position and accounted for (37 per cent), detergents (23 per cent), paints (15 per cent) and glass products (10 per cent). The balance was accounted for by ballpoint pens (3.4 per cent) and footwear (leather, rubber, plastic) and sports shoes.

Exports for 1984 were estimated to grow from LS 54 million to LS 347 million. However, preliminary information on 1984 indicates that, the ratio of actual to planned exports did not exceed 15 per cent, and that exports were 5 per cent below their 1983 level. Exports of fertilizers became negligible, although they were estimated to account for more than 70 per cent of the incremental increase in planned total exports of the Organization. Exports of glass products were almost 80 per cent below their 1983 level; while exports

of detergents and paints ceased altogether. The only improvement discerned was in exports of pickled sheepskins which were six-fold greater, reflecting the sales of accumulated stocks from 1983 (over 72 per cent of physical output remained unsold). This disappointing export performance is directly linked to the level of physical production of individual products, most of which declined in 1984, and the standing policy of according priority to satisfying local needs.

Tentative information covering the first quarter of 1985 indicates that production and sales plans for the Organization were implemented at the rate of 76 per cent. While the implementation rate (ratio of actual to planned) of exports improved by comparison to 1983 and 1984 (18 and 15 per cent), it did not go beyond 28 per cent during the first quarter of 1985. A number of companies were successful in implementing their production plans such as the Kalentro Fertilizer Plant, the Aleppo Plastic Company, the Aleppo Tannery Project and the General Tanning Company (sufficient supplies of skins), the Tyres Company, the Footwear Company and the Pharmaceutical Company. The main problems obstructing full implementation of production plans in the remaining companies were insufficient supplies of raw materials (paper, rubber, glass products, electric bulbs), technical problems for maintenance of facilities (urea, rubber, glass, paper, detergents, paints), outdated and broken-down machinery (glass and ceramics), non-availability of spare parts (TSP plant, paper), delays in establishing lines of credit to import raw material needs and/or spare parts (electric bulbs, paper plant), lower demand (rubber products), and power failures (paper plant). It goes without saying, that the decline in production of these companies was accompanied by a decline in total sales. Furthermore, their export plans were only partially implemented and even some companies could not effect any exports.

However, the main problems remain the inferior quality of the goods produced, shortages of raw materials supplies (whether local or imported) and the high costs of production which render the products non-competitive in the foreign markets. Exports of pickled sheepskins, the output of which is entirely exported, fluctuated considerably due to insufficient supplies of raw skins (local) for processing and some difficulties in marketing as indicated by the presence of a surplus of production over exports. Contracts for exports have been breached or partially implemented as a result of shortages

and delays in obtaining imported raw materials (e.g. only one-third of the quantity of paints contracted was exported to the U.S.S.R. in 1983). The high costs of production may be due to the heavy reliance on imported raw materials for production and, therefore this constitutes a major hurdle in the face of export growth. For example, 35 per cent of inputs for electric bulbs and 60 per cent for tyres are imported. This compounds the production problems: first to secure the requisite financing and second to ensure sufficient supplies to run the facilities at full capacity.

An exportable surplus exists for ballpoint pens, special flat and opaque glass, some chemical compounds like aluminium flouride, some sizes of tyres, leather clothes, and half-worked electric bulbs. Demand for these products in foreign markets exists. In fact, export contracts have been concluded with Hungary for special flat glass and semi-finished lead glass; and with the U.S.S.R. for ballpoint pens; while negotiations were underway for half-worked electric bulbs. This demand, however, should be taken with caution, as it is directly linked to the existence of special economic and political relations where exports are mostly needed to effect payment of goods imported from these countries. Sometimes, goods are exported at prices significantly less than domestic prices in order to make them more appealing and competitive (footwear). Prerequisites for foreign demand include extensive marketing research and dissemination of information on products, both of which are lagging and inadequate on export products. In addition, had there been export incentives and were intermediaries and payment of commission fees not banned by law, export potentials would have been somewhat enhanced.

Profitability

Quantitative information on profitability of the Organization is not available. However, few observations could be constituted from the performance of a number of companies. The glass products and ceramics company has been incurring losses due to inferior quality, waste, inefficiency in operation and lower demand for its products. The leather Footwear Company has been operating at a loss because of the high competition in the domestic market from private sector producers and imports. This is directly related to the State imposed (cost plus basis) selling prices for its products and the lack of flexibility in adjusting these prices to reflect changes in consumers'

demand. This situation has led the company in the past to accumulate stocks, reduce production and discontinue some of its lines of production. The Tanning Company has registered losses in the past as a result of the accumulation of stocks of pickled sheepskins which could not be sold. On the other hand, some companies have been recording profits, chief amongst which the Fertilizers Company and Projects, Paints and Varnishes Company and the Detergents Company may be mentioned.

The rate of foreign exchange applied (whether the parallel market or official rate), the replacement value used to calculate depreciation for the outdated and worn-out machinery and the failure to adjust the prices to reflect the real costs of production are factors that distort the real picture of the profit and loss statements of the companies in question. The apparent profits or losses may be misleading.

Problems and prospects

The problems facing the General Organization for Chemical Industries could be grouped into technical, financial, administrative and manpower, legislative and other production related difficulties. These problems have adversely affected the growth of sales and exports, and diminished productivity.

Reducing or abolishing the payment of interest on investment funds (expansion, renovations, modernizations or new plants) should contribute to attenuating the financial burden. The exemption from payment of real estate taxes on industrial projects need not be conditional on presenting two certificates: one for the commencement and the second for completion of construction of projects (Decree 103 of 1952). Seven of the recently established producing units of the Organization have not been able to take advantage of this exemption because they had not submitted the requisite supporting documents. As a result, fines were imposed on these units.

In order to promote exports, a more realistic rate of exchange is required. Efforts should be exerted to facilitate and speed up the establishment of credit lines by the Commercial Bank and replenish it on a regular basis. The companies have been bearing the cost of delays in official transfers of foreign exchange by being charged interest for the period. Delays in establishing lines of credit have often been the cause for interruptions in or complete standstill of production lines, and for inability

to fully implement export contracts or even to conclude new ones due to shortages in raw materials supplies and spare parts.

The principle of reimbursement of import duties for exported products should be applied within a reasonable and defined period; and, the amount to be reimbursed should be determined prior to finalizing the terms of export contracts. The prohibition by law of intermediaries and payment of commission fees in trade transactions needs to be reconsidered. This could have a positive impact on enhancing exports, where the public sector is limited by cumbersome procedures.

The heavy reliance on imported inputs and on other uneconomic inputs like "naphtha" in the case of fertilizers, have tended to raise the cost of most items produced within the Organization, and made their prices non-competitive in potential export markets. The compulsory contribution 1/ to the Treasury's Price Adjustment Fund affects adversely the overall financial position.

Surface transportation of goods for export is entrusted to a public sector office which organizes the departure of vehicles by turn. This often results in delays in the delivery of shipments and results in breaches of export contracts and misunderstandings, let alone loss of confidence in the supplier's ability to meet the terms of contracts.

Efforts should also be exerted to overcome the recurrent power failures causing interruptions in production lines (particularly in the case of fertilizers, glass, ceramics, paper). Such interruptions are another cause for the Organization's inability to fulfil export contracts. A possible solution to this problem may be the establishment of a power plant to cater specifically for the fertilizers plants.

The erratic behaviour of exports in the past, makes it difficult to anticipate a meaningful pattern in the future. Export prospects for items produced by this Organization exist for the traditionally exported glass products and pickled sheepskins; and newly emerging exports of fertilizers, ballpoint pens and aluminium flouride. These products have established surpluses of production over domestic consumption, or are primarily produced

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1/ Difference between the ex-factory price and selling price to the consumer.

for exports (pickled skins and fluoride), and there are plans to expand their production further (mainly fertilizers and ballpoint pens). The fact that in the past, paints, detergents and some footwear (sports or men's leather shoes) have been exported is not a guarantee for continued exportation. This is directly related to availability of surplus over local consumption and the relative priorities accorded to domestic uses as opposed to exporting. While this may not apply in the case of tyres and electric bulbs, where a surplus of production over sales is available, the more pressing problem is that of marketing such products and locating willing consumers.

IV. GENERAL ORGANIZATION FOR CEMENT AND BUILDING MATERIALS*

The General Organization for Cement and Building Materials was established in 1975 (by Decree 1300). Its main objective is to produce cement and building materials for domestic use. One of the Organization's main concerns is also to locate export outlets, in the event of surplus production over local consumption. The Organization manages and controls nine companies which operate thirteen cement factories 1/, two plants for asbestos sheets and tubes, two plants for porcelain tiles and one plant for sanitary equipment 2/.

Investment and development expenditures

By the end of the seventies, most of the plants belonging to the Organization were very old, inefficient and fully utilized, notably those of the National Company for Cement and Asbestos (Dommar, built in 1930), the Rastan Cement Company (Homs), the cement factories of Bourj Islam and Sheikh Said which are run by the Shahba' Cement Company (Aleppo), and the Aleppo Company for asbestos tubes (amiante).

The early eighties witnessed the implementation of replacement, modernization and expansion projects in existing plants and the construction of five new cement factories: Aleppo No. 3 (1981), Maslamiyah No. 2 (1982), Tartous No. 1 (1983), Adra No. 2 (1983) and Tartous No. 2 (1984). While production in the first three plants had already commenced by May 1984, it was

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* The discussion in this section, is based mainly on information contained in Table 8.

1/ These are located as follows: five in Aleppo, two in Tartous, two in Hama, two in Adra, one in each of Homs and Dommar.

2/ It should be noted that in 1975, the Organization operated and controlled three cement factories in Damascus, Hama and Aleppo; one plant for asbestos tubes and sheets in Damascus and one wall tile factory in Hama. For a list of the companies belonging to the Organization, see Annex Table A-1.

Table 8. General Organization for Cement and Building Materials, selected data (1980-1985)

	Units	1980	1981	1982	1983	1984	1985*	Average Annual Rates of Growth (%) 1980-1983	1983-1984	1980-1984
Employment	number	6731	8459	8735	...	10530	10448	...	...	11.8
Production	mln LS	398.3	584.4	877.5	1162.1	1459.2	1593.6	43.0	25.6	38.0
Annual variations	%	-	46.7	50.1	32.4	25.6	9.2			
Total sales	mln LS	733.4	...	...	1152.7	1479.5	1753.6	16.3	28.4	19.2
Domestic sales	mln LS	733.4	...	...	1152.7	1450.0	1593.6	16.3	25.8	18.6
Exports	mln LS	-	-	-	-	29.5	160.0	-	n.a.	n.a.
Exports as % of sales	%	-	-	-	-	2.0	9.1			
Accumulated invested capital	mln LS	1163.7	1696.1	2844.3	2701.1	3275.8	...			
Investment	mln LS	307.5	339.1	235.3	142.7	129.7	...			
Ratio of actual to allocated investment	%	53.0	77.4	64.3	50.0	46.3	...			

Source: General Organization for Cement and Building Materials (various reports); Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract, 1985; and Bulletin for Production and Sales of Industrial Public Sector, 1983 (October, 1984), in Arabic.

* Planned estimates.

delayed in Adra No. 2 by technical problems which required the attention of expertise of the foreign contracting firm, and by September 1985 had not commenced in Tartous No. 2. A central workshop to produce certain types of spare parts and reduce reliance on imports was constructed in 1983. Machinery for packaging and packing the items produced have also been purchased. The implementation of these development projects brought the accumulated investments by end of 1984 to LS 3,176 million for the Organization, compared to LS 1,164 million by end of 1980. During 1980-1984, actual investment expenditures declined from LS 307 million to LS 130 million, and the ratio of actual to allocated investments ranged between a high 77 per cent and a low 46 per cent. The largest investment outlays were made in 1980 and 1981 on equipment (50 per cent) and on building and construction (40 per cent) of the five new plants.

According to the Fourth Five-Year Plan, construction should have been completed in Adra No. 2, Maslamiyah No. 2, Tartous No. 1 and No. 2 by end of 1979. The delay in execution could be largely attributed to shortages of foreign exchange and difficulties in securing the necessary funds. The basic constraints were and remain to be in securing the credit lines to implement the planned development projects or to purchase spare parts and components. This extreme reliance on imported spare parts may be partially alleviated when production in the spare parts workshop starts. Until such a time, efforts should be directed to avoid interruptions in the lines of production through, inter alia, timely establishment of lines of credit and the requisite foreign exchange to procure imports.

Production and Capacity utilization

The implementation of a number of major development projects in the Organization, such as renewals and replacements of machinery and equipment, expansions of facilities and construction of new plants during 1980-1983, raised the average capacity utilization for the Organization to 80 per cent in 1984 and is anticipated to improve it by five percentage points in 1985. While the capacity of production was almost fully utilized in the cement (90 per cent) and sanitary-ware (89 per cent) factories, this was not the case with building materials (asbestos tubes and sheets and porcelain tiles). These have been confronted with production bottlenecks due to technical

difficulties, particularly in the old Aleppo plants, and output is still insufficient to meet local demand for most of these products. In 1984, the utilized capacity in the factories of asbestos tubes improved from 66 per cent to 88 per cent, of asbestos sheets from 75 per cent to 92 per cent, and of porcelain tiles from 75 per cent to 79 per cent. No growth in physical output was envisaged for asbestos tubes and sheets in 1985. However, in the porcelain plants, there are plans to overcome the prevailing technical problems and to attain a minimum of 88 per cent of potential capacity. Nonetheless, production remains insufficient to meet local demand which prompted the Government to seriously consider the construction of a new tiles factory.

The value of production in the Organization grew at an average rate of 43 per cent per annum between 1980 and 1983 and at 26 per cent in 1984. In 1985, production is estimated to grow by 9 per cent only. In general, the Organization was successful in implementing its production plans. For instance, the ratio of actual to planned production reached as high as 97 per cent in 1983. Cement is the largest single item produced not only by the Cement Organization, but also by the five Organizations being reviewed. It represents 92 per cent of total production, while asbestos tubes and sheets account for 4 per cent, and the balance is almost equally shared by sanitary ware and porcelain tiles.

In real terms, physical output of cement grew by 23 per cent per annum between 1980 and 1983 and by 15 per cent in 1984. It is anticipated to grow by 5 per cent in 1985. The fast growth in output of cement is largely a result of the additional capacity provided by the new factories. The ensuing output expansion has been sufficient to satisfy domestic use and leave ample surplus for exports. Production of porcelain tiles grew by 11 per cent per annum between 1980 and 1983 before expanding by 42 per cent in 1984, but only after overcoming some of the technical problems prevailing in the factories and renovating a number of old and worn-out facilities. Production of sanitary ware and asbestos declined during 1980-1983, by about 4 per cent and 9 per cent, respectively. While output of sanitary ware declined by a further 16 per cent in 1984, asbestos tubes and sheets grew by around 20 per cent. (See Annex Table A-2).

Employment and productivity

The workforce of the Organization totalled 10,530 in 1984, compared to 6,731 in 1980, representing an overall increase of 56 per cent. This increase is attributed to staffing five new plants which created more than 4,000 jobs; and recruiting additional labour as a result of the expansions in existing plants. Productivity has been extremely low in the old plants as a result of the waste, inefficiency in fuel consumption, the outdated techniques of production and obsolete machinery and equipment. While all the five new plants were fully staffed by 1984, production had commenced in only three of them. However, no increase in the labour force is intended for 1985 (10,448), which will raise the productivity of labour by 11 per cent. A comparison between the average annual rate of growth of employment and production during 1980-1984, reveals that employment has not increased as fast as production (12 per cent compared to 38 per cent, respectively) which by itself is a positive indicator of significant improvement in productivity.

Due to shortages in skilled manpower, the Organization has introduced in-service training programmes. A training centre for the cement industry was established in 1983. Training is also being carried out abroad, in order to acquire the necessary expertise to run the modern plants. Furthermore, technical assistance has been requested from the United Nations Industrial Development Organization (UNIDO) and a number of its experts have been helping in locally training some of the Organization's employees. However, additional efforts have to be exerted to induce the qualified manpower to remain in the industry. Steps in this direction might include upward revision of the salary scale and provision of additional fringe benefits to compensate for the hardships and unhealthy working conditions characterizing the cement industry.

Sales and Exports

Total sales grew at an average annual rate of 16 per cent between 1980 and 1983. The ratio of actual to anticipated sales in 1983 stood at 96 per cent. In 1984, sales grew by 28 per cent and are anticipated to grow by 18 per cent in 1985. The Organization sells its products in the domestic market through

the Omran Organization, a public sector trading enterprise. Exports, if any, are governed by annual contracts concluded between the importer and the Organization itself.

Production of cement and building materials is primarily intended for domestic use and until recently was barely sufficient to meet this end. However, in 1984, some cement was exported, while the remaining products were still in deficit. As the products (wood, iron and steel) in conjunction with which cement is used happened to be in short supply in 1984 and could not be imported in sufficient quantities due to the scarcity in foreign exchange, a surplus of cement developed. It was largely exported to Iran, with some quantities to Lebanon, and constituted 2 per cent of total sales in 1984. In 1985, production is estimated to grow by 5 per cent with the coming on stream of new cement factories. This will be sufficient to satisfy local needs and leave an annual surplus of 10 per cent of production for export purposes. Exports in 1985 were expected to grow five-fold compared to 1984, and to account for over 9 per cent of estimated sales. This created an imminent need to locate export outlets for cement on a regular and stable basis. Towards this end, a contract with Iran was concluded to export 500,000 tons of cement in 1985. However, preliminary information on 1985 indicated that, only half of this quantity was in fact exported due to transportation difficulties. Contracts to sell cement on a barter basis are currently being negotiated with Algeria and Pakistan.

The transportation problem facing exports of cement remains an outstanding one, particularly to neighbouring Arab countries which are the natural markets for Syrian cement. The bulky nature of cement makes transportation to distant markets costly and the prospects of its exports neither encouraging nor profitable. The process of having to resort to the public sector office which organizes transport by turn, in order to arrange for shipping cement is far too cumbersome and is a cause for delays. This is compounded by the complex boarder procedures and formalities of neighbouring and transiting countries to reach destination, which is largely a function of the prevailing political relations. Moreover, exports of cement are faced with severe competition in neighbouring markets from other producers (Korea and Poland) selling at more competitive prices, and/or from local production in neighbouring Arab countries which are potential and natural customers of Syrian cement.

The current level of production of sanitary equipment is sufficient to satisfy local demand with little exportable surplus of 6 per cent (in 1979 to Iraq). With the plant working at 89 per cent of potential capacity, there is a margin for raising the level of production in order to increase this exportable surplus. However, the inferior quality, non-conformity of specifications to standards (e.g. color, design, packing requirements) and high prices (due to high costs of production) of the goods produced render them non-competitive and makes their access to potential markets difficult (neighbouring and Gulf countries). The latter are in a position to import far more better quality, sophisticated design, complete sets etc., at more competitive prices and better conditions of delivery. At the moment, Syria is unable to furnish complete sets of sanitary equipment (bathtubs, sinks, etc.), the production of which is limited by difficulties in importing raw materials and requiring the addition of new production lines. According to standard specifications, sanitary ware should be protected from damage by enclosing it in wood paneling and boxes. This will raise further the production costs and make the products less competitive.

The high costs of production is a serious impediment to such potential exports as it reduces their competitiveness in foreign markets. A positive factor in reducing these costs was the use of locally-produced Kraft paper, an important input used for packing products of the Organization, which until recently was still being imported 1/. This was reflected by the decline in the share of imported raw materials in total inputs for production from 40 per cent to 10 per cent in 1984.

Profitability

Six of the producing units which are old and fully depreciated are operating at a loss: two plants of the National Company (cement and asbestos tubes), one plant of the Rastan Company (cement), one factory of the Aleppo Asbestos Company, the Bourj Islam and the Sheikh Said factories which belong to the Shahba' Cement Company. The five new cement factories built during the

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1/ Kraft paper is produced by the recently established Paper and Pulp Plant in Deir-Iz-Zur.

period under review, have not yet had time to gain momentum in production and sales: by 1984 two have not yet commenced and three have only begun on trial runs.

The Organization is obliged to contribute to the Treasury Fund for Adjusting Prices the difference between the ex-factory price of cement and its selling price to final consumers. In 1984, this contribution amounted to LS 520 million. The Organization also pays the Treasury taxes on its sales of cement (LS 22/ton) which totalled LS 109 million in 1984. Thus, after having netted LS 70.3 million in profits in 1980, the Organization's net profits in 1984 dropped to LS 29.5 million and are anticipated to decline further to LS 25.2 million in 1985. The rate of return on investment (profits as a percentage of investment) stagnated between 1980 and 1984 at 22.8 per cent. Profitability could improve if cement prices, which are determined by the Government, were to be revised upwards to reflect real costs of production and include a minimum of 10 per cent profit margin. Improper cost accounting procedures are followed, particularly with respect to the assessment of depreciation and replacement costs of obsolete machinery which affects the profit and loss statements being produced by the Organization.

Problems and Prospects

Prospects for exports are limited to those of cement, provided local demand does not increase to absorb the existing surplus. Notwithstanding this, the location of new markets will remain a major obstacle facing the growth of cement exports. With the exception of porcelain tiles, where a new factory is being seriously considered, no plans are envisaged to raise the level of production of sanitary equipment and asbestos tubes and sheets beyond those of satisfying local demand requirements.

Some of the problems limiting or hampering the expansion of exports are institutional, while others are legislative and financial. In the absence of proper functioning of the External Trade Centre, there is also no special unit within the Organization to promote exports. The role of the Syrian Standardization and Metrology Organization is limited to checking the specifications of cement prior to exports. Even when proper control is undertaken, it is extremely difficult for the producing units to abide by the international specifications due to cost implications involved (e.g. the

safety packaging of sinks, bathtubs and toilet seats). Furthermore, the obligatory requirement to deposit in the Treasury all returns on export sales, leaves little flexibility, and for that matter, limited financial means for the timely securing of import requirements of spare parts and components, and reduces the incentive to export.

V. GENERAL ORGANIZATION FOR ENGINEERING INDUSTRIES*

The General Organization for Engineering Industries was created pursuant to Decree 2389 in 1975. It manages and controls twelve companies operating and running 41 different lines of production 1/. The units produce a variety of goods from assembly plants such as refrigerators, ovens and gas stoves, television sets, telephone apparatus and switchboards, and busses. Other items are also manufactured within the Organization's producing units such as electric generators and transformers, pressure cookers, boilers and metal constructions, electric cables, car bodies, steel bars and iron billets, aluminium shapes, matches and lead pencils, wood, veneer and chipboard, tissue and sanitary paper, liquid batteries, oxygen gas and plastic greenhouses. Production is primarily intended to satisfy local demand leaving little exportable surpluses whose composition is unpredictable and erratic.

Production and capacity utilization

The value of production of the Engineering Organization grew by 7 per cent per annum between 1980 and 1983 after which it diminished by around 12 per cent (i.e. a growth by 2.2 per cent between 1980 and 1984). It is anticipated to decline further by 14 per cent in 1985. In fact, the value of production has been declining since 1983 in six major companies (Al-Nasr, Barada, Metal Constructions, Manufacturing Industries and the Electric Cables). Between 1980 and 1984, average annual growth in the value of production declined in the case of the Electronics Company (producing television sets, telephones and switchboards) by 11.3 per cent, Wood Company by 4.2 per cent, Metal Constructions Company by 3.9 per cent and the Barada Company by 3 per cent (refrigerators, gas ranges, pressure cookers); while slow growth was recorded in the Company producing iron and metal pipes, rods and billets (2.2 per cent), and high growth in Companies producing aluminium shapes (32 per cent) and electric generators and transformers (22 per cent).

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* The discussion in this section is based mainly on information contained in Table 9.

1/ For a list of the Companies belonging to the Organization, see Annex Table A-1.

Table 9. General Organization for Engineering Industries, selected data (1980-1985)

	Units	1980	1981	1982	1983	1984	1985*	Average Annual Rates of Growth (%) 1980-1983	1983-1984	1980-1984
Employment	number	7684	7974	8115	...	8732	...	...	...	3.2
Production	mln LS	989.9	1131.9	1246.6	1213.1	1069.8	923.9	7.0	-11.8	2.2
Annual variations	%	-	14.3	10.1	-2.7	-11.8	-13.6			
Total sales	mln LS	909.1	1132.6	1220.1	1234.9	1116.1	921.4	10.8	-9.6	5.3
Domestic sales	mln LS	905.3	1132.0	1116.0	1209.0	1097.4	912.6	10.1	-9.2	4.9
Exports	mln LS	3.8	0.6	4.1	25.8	18.7	8.8	90.0	-27.8	49.0
Exports as % of sales	%	0.5	0.1	0.4	2.1	1.7	1.0			
Accumulated invested capital	mln LS	1042.8	1234.5	1368.0	1894.7	1780.6	...			
Investment	mln LS	562.0	5.0	34.0	26.9	18.8	...			
Ratio of actual to allocated investment	%	68.8	99.3	38.3	30.9	15.1	...			
Fixed assets	mln LS	...	...	...	972.4	1027.7	...			

Source: General Organization for Engineering Industries (various reports); Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract, 1985; and Bulletin for Production and Sales of Industrial Public Sector, 1983 (October 1984), in Arabic.

* Planned estimates

The growth in physical output of items produced during 1980-1984 was highest for electric generators (30 per cent) and aluminium shapes (24 per cent); while declines were recorded in television sets (19 per cent), refrigerators (7 per cent), wood products (6 per cent); metal constructions, gas cookers and electric transformers (between 1 and 2 per cent). Moderate and slow growth was recorded in the remaining lines of production (see Table 10). It should be noted that in 1984 output declined for all lines except for electric generators, where it more than doubled, and electric transformers, telephone apparatus and aluminium shapes, where growth rates ranging between 20 and 44 per cent were recorded.

In 1983, the Organization was able to implement more than 76 per cent of its production targets, with the rate of implementation varying considerably from one producing unit to another. Lead pencils, metal constructions, electric generators and transformers, liquid batteries and aluminium shapes were able to fully implement their production targets; while this rate ranged between 80 and 90 per cent in those producing refrigerators, gas ranges, electric generators and cables, matches and wood products. Under-capacity utilization was recorded in plants which together were responsible for around half of the total value of production in 1984, notably telephone apparatus (48 per cent), television sets (62 per cent), iron and steel bars and billets (64 per cent), metal pipes (66 per cent), boilers (73 per cent) and tissue paper (76 per cent). (See Table 19 and Annex Table A-7).

The main reasons behind this level of idle capacity include frequent power cuts, lack of proper maintenance for facilities due to shortages in qualified manpower, shortages and irregular supplies of imported spare parts and raw materials for production largely due to difficulties in securing foreign exchange and delays in establishing lines of credit and in unloading equipment due to congestions at ports. Low market demand in relation to capacity particularly in the case of television sets, refrigerators and gas ranges classified as "luxury" items, and the shortages in qualified technicians and manpower seem to be major impediments to an improvment of capacity utilization. "Luxury" items (whose imports are prohibited or limited) are sold locally at high and non-competitive prices which encourages smuggling and reduces domestic demand, leaving unsold stocks and thereby forcing the Organization to cut down on its production. The shortages in skilled manpower

Table 10. General Organization for Engineering Industries: Average Annual Rates of Growth in Production, Sales and Exports of Selected Commodities, 1980-1984 (in Per Cent)

	1980 - 1984				1983 - 1984			
	Production		Sales	Exports	Production		Sales	Exports
	Quantity	Value			Quantity	Value		
Iron bars & metal pipes	1.2	2.2	2.6	-	-24.5	-6.6	-6.5	-
Television sets (coloured)	-18.8	-16.2	11.6	-	-35.7	-27.9	-20.2	(-)
Telephones	-14.2	-20.2	100.0	-	42.0	66.2	24.5	(-)
Refrigerators	-6.8	-2.3	4.1	-	-20.1	-19.8	7.3	(-)
Oven & gas cookers	-1.1	11.5	3.2	-	-33.8	-7.7	-7.5	(-)
Pressure cookers	-	-	-1.1	-	-	-	-15.1	(-)
Cooking utensils	0.8	-5.0	25.0	24.0	-37.2	-37.2	44.8	0.0
Electric generators	29.5	30.0	22.5	n.a.	123.0	92.8	89.0	n.a.
Electric transformers	-1.3	3.8	13.5	-	43.9	76.6	-50.0	(-)
Electric cables	5.3	7.9	13.1	-	-18.9	-20.0	-22.5	-
Lead pencils	10.6	18.1	30.0	n.a.	-15.1	6.1	-28.9	-90.8
Matches	1.7	4.7	4.4	-	-25.8	-1.0	-1.2	-
Metal constructions	-1.9	-3.9	1.6	-	-33.2	-25.5	-37.6	-
Wood and products	-5.7	-4.2	-2.8	-	-30.9	-31.2	-32.9	-
Tissue papers	16.7	11.9	13.1	-	12.1	-9.0	-8.8	-
Aluminium shapes	23.5	32.0	44.0	-	19.8	22.2	14.4	-
Liquid batteries	9.6	18.1	27.5	-	6.2	11.6	19.5	-

Source: See Annex Tables A-2, A-4, A-5 and A-6.

(-) A negative sign between brackets indicates the disappearance of the item exported.

n.a. indicates that growth rate is "not applicable" with the emergence of the item exported.

has been aggravated by the expansions and modernizations in existing facilities and the establishment of new lines of production which the staff on board are not adequately equipped to run nor maintain.

Investment

Accumulated invested capital stood at LS 1.8 billion in 1984, compared to One billion Syrian Pounds in 1980. Investments during 1980-1984 were highest in 1980 when they amounted to LS 56 million, of which 53 per cent went as outlays on equipment and 34 per cent in building and constructions. In 1984, investments totalled LS 19 million only, which represented 15 per cent of allocated investments for that year. This could be largely attributed to the weak liquidity position of the Organization, its inability to establish lines of credit and to acquire the requisite foreign exchange for imports in order to implement its planned investment programmes.

The Organization's most recently established plants were the Aleppo Cables Company (Decree 3079 of 1979), the Damascus Cables Company (Decree 1200 of 1978) and the Aluminium Company in Lattakia (Decree 2708 of 1978). The nominal capital for most of the older companies has been raised by Ministerial decrees in 1981. The largest additions to capital were effected in 1983 to the companies which had been operating at a loss for some time, namely, the iron and steel company and the electric generators and transformers company.

Employment and productivity

One of the Organization's original objectives was to foster employment through labour-intensive projects. This has been pursued through the expansion of the assembly-type plants, like those of the electronic and electrical appliances (television sets, telephone apparatus and switchboards, refrigerators, gas ranges, stoves, etc.), and bus-assembly plants. Within this perspective, 4000 employment opportunities were created, and the workforce grew at the rate of 17 per cent per annum between 1975 and 1980. Subsequently, total employment rose from 7,684 in 1980 to 8,732 in 1984, i.e. an average growth of 3.2 per cent per annum. This indicates a shift in policy towards more capital-intensive projects involving a limited growth in the labour force. A comparison between the rates of growth of employment and production would indicate that, unlike other General Organizations, employment

has increased faster than production during 1980-1984, by 3.2 per cent per annum as against 2.2 per cent per annum, respectively, which reflects negatively on productivity and on the performance of the Organization, as a whole.

Sales and Exports

Total sales of the Organization grew at an average annual rate of 10.8 per cent between 1980 and 1983, after which they dropped by 9.6 per cent in 1984, i.e. an average growth of 5.3 per cent per annum between 1980 and 1984. During this period, the highest rates of growth in sales were recorded by the aluminium shapes plant (44 per cent), the batteries plant (28 per cent) and the electric generators and transformers plant (20 per cent). The sales from the electronics and the wood products companies declined by 8 per cent and 3 per cent, respectively; while modest growth rates in the sales of the other units were recorded. In 1984, the decline in sales was common to almost all of the items except telephones, refrigerators, electric generators, aluminium shapes and liquid batteries. The decline in sales was almost always associated with a decline in physical output except in the case of refrigerators and cooking utensils where sales grew despite a decline in output; and electric transformers and tissue paper where the opposite took place. This could be explained by stock accumulation/depletion due to lower demand or lower prices as in the case of tissue paper. (See Table 10).

In 1984, almost one-fourth of the Organization's total sales was accounted for by iron and steel products (rods, pipes and billets). Refrigerators, ovens, gas ranges and pressure cookers constituted 18 per cent, and electric cables alone represented another 18 per cent; while electronic equipment like television sets, telephone apparatus and switchboards were responsible for 11 per cent and tissue paper and sanitary napkins for 6 per cent. Of the balance, 10 per cent were equally shared by aluminium shapes and electric generators and transformers, 8 per cent were equally shared by metal constructions (reservoires, busses) and matches including lead pencils, and 6 per cent were equally shared by batteries and wood products. (See Table 11).

Table 11. General Organization for Engineering Industries: Percentage Shares of Selected Commodities in production, sales and exports, 1983 and 1984 (in per cent)

	Percentage Shares						Real* Exports as % of Sales	
	Production		Sales		Exports			
	1983	1984	1983	1984	1983	1984	1983	1984
Iron bars, billets & pipes	23.4	24.6	23.1	24.0	-	-	-	
Television sets (coloured)	9.0	7.3	8.2	7.2	46.3	-	15.1	-
Telephone apparatus	0.6	1.6	0.5	1.2	0.3	-	1.6	-
Refrigerators	14.7	13.4	13.6	16.1	2.3	-	0.4	-
Ovens and gas cookers	1.2	1.2	1.2	1.2	0.8	-	1.8	-
Pressure cookers	-	-	0.4	0.7	2.3	-	10.6	-
Cooking utensils	0.4	0.3	0.3	0.5	0.7	1.0	5.7	3.4
Electric generators	1.7	3.6	1.9	3.9	-	95.0	-	44.2
Electric transformers	0.6	1.0	0.9	0.8	15.5	-	57.9	-
Electric cables	19.5	19.1	20.9	18.0	-	-	-	-
Lead pencils	0.9	0.9	0.9	0.8	31.6	4.0	77.7	8.4
Matches	2.1	3.1	2.1	3.2	-	-	-	-
Metal constructions	3.4	3.8	...	4.0	-	-	-	-
Wood and products	4.4	3.1	4.3	3.0	-	-	-	-
Tissue paper	6.4	6.6	6.4	6.0	-	-	-	-
Liquid batteries	1.8	2.2	1.6	3.0	-	-	-	-
Aluminium shapes	3.6	5.0	4.0	5.0	-	-	-	-
Total (LS Million)	1213.1	1069.8	1234.9	1116.1	25.8	18.7	2.1	1.7

Source: See Annex Tables A-2, A-4 and A-5.
* In terms of quantities.

Production in the Engineering Industries is primarily intended for domestic use. Consequently, only the excess over local demand is being exported. For instance, in 1983 the percentage of exports in sales was highest for lead pencils (78 per cent) and electric transformers (58 per cent); followed by television sets (15 per cent) and pressure cookers (11 per cent). Not more than 2 per cent of the sales of telephones and ovens and less than one per cent of refrigerators were made abroad. Against growing local demand and changing consumption patterns (e.g. coloured TV sets, telephones, refrigerators, tissue and sanitary paper) while physical production was declining or slowing down, the surplus left for export was relatively low and fluctuating. Furthermore, even this surplus was only partially exported,

apparently due to difficulties in marketing the products for reasons pertaining to quality, price, demand and access to foreign markets (viz. TVs, telephones, refrigerators, cookers, cooking utensils, electric cables, plastic greenhouses). In relative terms, the share of exports in sales after growing from 0.5 per cent in 1980 to 2.1 per cent in 1983, diminished to 1.7 per cent in 1984 due to the drop in exports by 39 per cent. In 1985, exports are not anticipated to represent more than one per cent of total sales.

The composition of exports has been changing constantly, with certain items appearing intermittently, while others ceasing and new ones emerging. A comprehensive list of exports might cover television sets and telephones, electric generators and transformers, refrigerators, pressure cookers, cooking utensils, ovens and gas ranges, lead pencils and some electric cables. (See Tables 10 and 11).

For example, in 1983, television sets alone accounted for 46 per cent of exports and lead pencils accounted for another 32 per cent, while electric transformers were responsible for 16 per cent. The balance came from small amounts of refrigerators, pressure cookers, ovens, telephones and cooking utensils. Exports of refrigerators, gas cookers, ovens, pressure cookers and electric transformers disappeared in 1984. Television sets and telephone apparatus exports also ceased. These products have a high import content and a high cost of production, while the value added is small. Thus, to adjust the export price in order to make it more competitive to consumers does not seem feasible nor profitable. Furthermore, with similar products of assembly plants being produced in neighbouring countries, the competition increases and export prospects are immensely reduced. A similar situation arises in the case of electric cables which are being produced in Bahrain, Saudi Arabia and other Gulf States making access into these markets more difficult. In 1984, exports of electric generators to the U.S.S.R. constituted 95 per cent of the Organization's exports. The balance was accounted for by some cooking utensils to neighbouring Arab countries and lead pencils to U.S.S.R.

In 1985, a five-year trade agreement was concluded with the U.S.S.R. for exports of electric cables, lead pencils, electric generators and transformers. Given the cheap labour, sufficient inputs locally available, and the availability of surplus of production, exports of base-metal products

(boilers, chassis and reservoirs) and plastic greenhouses appear to have a fair potential for growth since production capacity is available and value added is substantial.

Profitability

In 1982, the latest data available on profitability, several companies belonging to the Organization had been operating at a loss for a number of years, notably those producing iron bars, billets and metal pipes, wood products, electrical generators and transformers, and batteries. However, some companies have been able to generate reasonable profits, while exceptionally high profits were recorded particularly by the Electronics Company which produces television sets, telephone apparatus and switchboards. This Company sells its products with a high profit margin and enjoys complete income tax exemption.

The items produced by the Organization are subject to Government price control. Some products are considered "essential" items (e.g. electric cables, sanitary and tissue paper, compressed oxygen); some are considered "ordinary" items (like batteries); whilst others are classified as "luxury" items (television sets, refrigerators, gas ranges, steam cookers). Imports of the latter group of products were banned by law to give protection to locally-produced or assembled items. Thus, their selling prices were set high, and way above the cost of production which allowed the producing plants to generate exceptionally high profits. With this exception, selling prices of the remaining products are imposed by the Government for social reasons on a "cost plus basis" and are generally, non-competitive. The cost of production is originally high due to the heavy reliance on imported raw materials, which are subjected to customs duties ranging between one and 29 per cent. More recently, and with the Government's desire to slow inflationary tendencies, the selling prices, except for "luxury" items, were maintained at a stable level; while the costs of raw materials and labour have raised. This raised production costs further at the item level which reduced competitiveness and lowered profits.

The profits and losses recorded by these companies can be deceptive. This is largely a function of the rate of foreign exchange applied, the cost accounting procedures followed in the assessment of fixed assets, valuation of

depreciation of equipment and replacement costs, and the class of products sold. A case in point is the value of exports of one million units of electric transformers in 1983, which the General Organization reports as LS 10.5 million (i.e. at LS 10.5 per unit), while the Central Bureau of Statistics reports as LS 4.0 million (i.e. at LS 4.0 per unit). The discrepancy is definitely in valuation of exports.

Prospects

One of the main objectives of the General Organization for Engineering Industries is the integration of its production lines (41), considering the benefits to be derived from economies of scale and externalities. This is particularly important in order to reduce the Organization's heavy dependence on imported raw materials, most of which are procured with difficulty and high costs from widely scattered sources. Moving in that direction, the Organization started producing wooden boxes to house locally-assembled television sets. The production of small compressors for the locally-assembled refrigerators is seriously being considered. The main deterrants for the development of integrated production lines remain the shortages of qualified manpower, the high investment costs involved and the small size of the local market. The fact that production of components and spare parts could be handled through sub-contracting private sector firms, seems to appeal to the Organization.

Another objective of the Organization is to promote employment through labour-intensive projects. This has been pursued during the late seventies through the expansion of assembly plants of the electronics and electrical industries. However, the current trend leans more towards capital-intensive projects through modernization of facilities and a centralized management approach.

Prospects for the growth of exports are limited to those relying more on local inputs and labour supply where the capacity for production could be raised to meet local demand and leave a surplus for exports, and where foreign demand and outlets exist. These conditions appear to be met in the case of lead pencils, plastic greenhouses and some metal base products (carosseries and chassis). However, with a five-year contract to export electric transformers, generators and cables to the U.S.S.R., these items seem to have,

irrespective of the underlying reasons, a stable outlet in the medium-term, provided sufficient quantities are produced to implement the agreement and satisfy the local market. However, such arrangements do not mean that a firm foreign demand for such products exists, nor that access into other foreign markets is easy. Therefore, export prospects of the items produced by the Engineering Organization are in fact quite limited; given the limited growth envisaged in productive capacity, the growing local demand, the rather inferior quality, the non-competitive prices due to high costs of production and, hence, marketing problems as confirmed by the accumulation of stocks in certain exportable items. It should be pointed out that, these products were not originally meant nor designed for export purposes. Exports are not preceded by proper marketing research or quality control and, hence, remain of an ad hoc nature.

VI. OVERALL PERFORMANCE OF GENERAL ORGANIZATIONS*

On the whole, the performance of the General Organizations for Food, Textiles, Chemicals, Cement and Engineering has improved during the first half of the eighties by comparison to the seventies with regards to production and capacity utilization, employment and productivity, investment and profitability, sales and exports.

Among the factors that continue to hamper the performance of these Organizations mention should be made of production problems leading to under-capacity utilization of facilities and lower productivity, low profitability and improper accounting procedures, complex financial arrangements and liquidity problems, and an unrealistic rate of foreign exchange which discourages exports. More specifically, the outstanding problems causing serious concern to the Organizations include persistent technical difficulties; the constant need for maintenance; repairs and modernizations of very old and obsolete facilities; shortages of qualified manpower yet overstaffing; recurrent power failures; insufficient supplies of raw materials (whether local or imported); delays in receiving regular supplies of spares and components due to difficulties in establishing lines of credit and unloading at ports; scarcity of foreign exchange; high production costs and, generally, inferior quality of goods produced; the need to review legislation related to industrialization policies; and, the need to enhance efficiency through economies of scale and externalities.

These difficulties have had their negative impact on exports. Among the other important factors that have limited the growth of exports, mention should be made of absence of research and development for improving the quality of goods produced and non-adherence to standard specifications for exports; absence of marketing research; pricing policies imposed by the State leading at times to fictitiously high production costs which reduce competitiveness of products and aggravate smuggling; transportation and ports congestion problems; inadequate export incentives; liquidity problems in financing exports; difficulties of access into foreign markets and low demand

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* For a discussion of this part refer to Table 12.

Table 12. General Organizations: Selected data, 1975 and 1983-1984
(Thousands of Syrian Pounds, number of persons employed)

	Employment (Number)	Production	Sales			Investment	Accumulated invested Capital
			Total Sales	Domestic	Exports		
General Oranizations							
Food							
1975	5659	...	190469	165769	24700	13739	136600
1983	5523	830935	742502	718098	24404	19027	644300
1984	6256	1172778*	1013401*	905045	108356*	31454	665900
Textiles							
1975	23506	...	453568	407968	45600	130138	493700
1983	23918	1734826	1856076	1492211	363865	103288	2611000
1984	24488	2056454	1947425	1670447	278978	21248	2897900
Chemicals							
1975	4166	...	145917	139917	6000	6022	261600
1983	11971	1420166	1304132	1251640	54138	79166	5203800
1984	13731	1914942*	1899333*	1552457	346876*	23952	4726600
Cement							
1975	2718	...	117026	117026	-	14,625	153100
1983	...	1162118	1152714	1152714	-	142665	2701100
1984	10530	1459191	1479513	1450013	29500	129725	3275800
Engineering							
1975	3500	...	265508	263008	2500	33229	228500
1983	...	1213103	1234885	1209043	25842	26920	1894700
1984	8732	1069845	1116102	1097436	18666	18836	178600

Source: General Organizations (various reports); Syrian Arab Republic, Central Bureau of Statistics, Statistical Abstract, 1985; and Bulletin for Production and Sales of Industrial Public Sector, 1983 (October 1984), in Arabic.

* Planned estimates. Preliminary data indicate that exports of the Food Organization and of the Chemicals Organization were around LS 52 million each.

for Syrian products; and reliance on traditional and politically-rooted export outlets.

The General Organizations under review are responsible for 78 companies and 6 major plants and projects. Some companies are responsible for more than one plant (multiplants) in different locations. There are 20 companies in food processing and 2 water plants, 24 companies in textiles, 13 companies and 4 projects in chemicals, 9 companies in the cement and building materials operating 18 factories, and 12 companies in engineering with more than 41 different lines of production 1/. Annex Table A-8 gives the geographical distribution of the companies and plants belonging to each General Organization. A listing of these companies is given in Annex Table A-1 which points out the companies which were established during 1980-1984.

The prevailing policy with respect to location is to decentralize as far as possible for purposes of economic efficiency. Towards this end, producing units, mostly in the food sector, were set up as close as possible to the sources of raw materials, away from major cities.

Nevertheless, more than 70 per cent of companies and producing units have been located in the four main cities: 32 per cent in Damascus alone, and the balance in Aleppo, Homs and Hama. During the late seventies, some producing units were set up in Lattakia and Tartous. More recently, some plants were erected away from major centres like those of the textiles sector in Idlib, Hasaka and Dreikishe, the chemicals sector in Deir-Iz-Zur (paper and pulp), and the cement factories in Tartous and Adra. However, this has created a managerial problem regarding co-ordination between the mother company and its producing units. Not only that, but the problem of overstaffing, particularly in management and supportive services was compounded. Therefore, to tackle this problem some consideration has been recently given to bringing together similar units in one location to the extent possible, and under one management umbrella in order to reduce the administrative echelons and do away with redundant staff in management and administrative services.

Therefore, aside from the food sector which is relatively the more decentralized, and some dispersion in the textiles sector, the activities of

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1/ In 1975, there were 49 companies: 15 in food processing, 13 in textiles, 9 in chemicals, 3 in cement and 9 in engineering.

the remaining General Organizations are largely clustered around the main centres of industrialization and consumption in the country.

A. Sectoral Performance

Production 1/

The combined production (valued in current prices) of the five General Organizations under consideration grew at the rate of 27.5 per cent per annum between 1980 and 1983 with wide year-to-year variations, (35 per cent in 1981 and 17 per cent in 1983). Production was anticipated to grow by 20.6 per cent in 1984 (see Table 13). For example, in the Cement and Textiles Organizations much slower growth rates can be discerned; from 47 per cent in 1981 to 26 per cent in 1984, and from 35 per cent to 13 per cent, respectively; while production in the Engineering Organization slowed down before declining in 1983 and 1984. Similarly, growth in the value of production of the General Organization for Chemicals Industries slowed down from 86 per cent in 1981 to 36 per cent in 1983 and was anticipated to maintain almost the same growth rate in 1984. By contrast, after having slowed down from 36 per cent in 1981 to 17 per cent in 1983, production of the Food Organization was anticipated to grow faster by 41 per cent in 1984.

Table 13. General Organizations: Selected Production Indicators, 1980-1984
(in per cent)

General Organizations:	Value of Production							Real Production Range of Growth %
	Annual Variations				Percentage Shares			
	1981	1982	1983	1984	1980	1983	1984	1980-1984
Food	35.5	27.2	17.1	41.1*	13.4	13.1	15.3	2 to 14
Textiles	34.6	21.3	12.8	18.5	30.6	27.3	26.8	2 to 13
Chemicals	86.2	68.2	35.7	34.8*	10.6	22.3	25.0	20 to 50
Cement	46.7	50.1	32.4	25.6	12.9	18.3	19.0	18 to 21
Engineering	14.3	10.1	-2.7	-11.8	32.2	19.1	13.9	-1 to -19
Total:	35.4	30.1	17.4	20.6*	100.0	100.0	100.0	50 to -19

Source: See Annex Tables A-9 and A-2.
*Planned estimates

1/ See Annex Table A-9.

Some significant products have emerged in recent years mainly in fertilizers (triple superphosphates, ammonia and urea), electric cables, paper and pulp products, electric bulbs, ballpoint pens and lead pencils. The production of others like pressure cookers was discontinued, perhaps only momentarily until the accumulated stocks are dispensed with.

There is no general production index for the General Organizations. However, physical production has increased by between 2 and 14 per cent annually over the period 1980 - 1984 for products of the Textiles and Food Organizations, representing over 40 per cent of the combined value of production of the five Organizations in 1984. More precisely, production of canned food grew by 14 per cent, dehydrated onions by 12 per cent, cotton yarn by 13 per cent and cotton fabrics by 6 per cent. Relatively high growth rates were recorded for alcoholic beverages (35 to 40 per cent) and mineral water (21 per cent). Production in the Chemicals Organization, which accounted for one-fourth of combined production in 1984, grew by between 20 and 50 per cent per annum during 1980-1984, thus recording the highest growth in production amongst the five Organizations. In particular, production of phosphatic fertilizers grew at the fast rate of 38 per cent, while detergents and paints grew at 50 and 20 per cent, respectively. Output of the Cement Organization, grew by between 18 and 21 per cent per annum during 1980-1984. By contrast, production in the Engineering Organization declined by between 19 and one per cent per annum, and its share in combined production shrank from 32 per cent in 1980 to 13 per cent in 1984. Output of most of the engineering items declined between 1980 and 1984, with the exception of few only where growth was recorded, notably, electric generators (30 per cent), aluminium shapes (24 per cent), telephones (14 per cent), lead pencils (11 per cent), and electric cables (5 per cent).

Between 1980 and 1983, growth in physical production varied considerably for most items and notably for the four most significant ones, namely: cement, cotton fabrics and yarn, and all fertilizers. Together these accounted for around 45 per cent of combined value of production in 1983 and their average annual growth between 1980 and 1983 ranged between a high 40 per cent and a low 11 per cent. Thus, cement output, which accounted for 17 per cent of combined production in 1983 grew by 23 per cent per annum; while cotton fabrics and yarn comprising 18 per cent of combined production, grew by

11 per cent and 22 per cent per annum, respectively; and fertilizers whose share in production was close to 9 per cent, grew by 40 per cent per annum during the period reviewed.

The general picture, at the product level, which emerges over the 1980-1984 period is one of rapid growth (between 20 and 50 per cent) for some products like detergents, alcoholic beverages and mineral water, fertilizers, electric generators, aluminium shapes, cement, paints and pharmaceuticals; modest and slow growth mainly for food and textiles products; and, decline in the production of most items produced by engineering units, notably those classified as "luxury" items (television sets, refrigerators, gas ranges, ovens) in addition to groundnuts, plastic footwear, asbestos and sanitary ware produced by other Organizations.

It should be noted that, 1984 was a year of unfavourable growth for almost half of the items produced by the five General Organizations under consideration. For example, among the products that weigh heavily in production of the five general organizations, mention should be made of cotton and wool yarn and fabrics the output of which declined by between 7 and 9 per cent. Moreover, after growing by over 40 per cent between 1980 and 1983, production of canned food declined by over 40 per cent, apparently due to insufficient supplies of tomatoes as a result of a bad harvest (quality and quantity) in 1984; nitrogenous fertilizers declined by 2 per cent, paints by 17 per cent, detergents by 10 per cent; metal pipes declined by about 24 per cent; and with few exceptions, most items manufactured by the engineering producing units recorded declines by between 15 and 37 per cent. On the other hand, significant (15 per cent) growth was recorded in the output of cement and phosphatic fertilizers (26 per cent).

Capacity Utilization 1/

Capacity utilization remains a major concern for a number of industries. Recurrent power failure is a cause for frequent interruptions of production lines. Lack of qualified technicians results in inability to run modern facilities and repair old ones, which reduces efficiency.

1/ See Table 19 and Annex Table A-7.

Other reasons for idle capacity lie in irregular and insufficient supplies, both of domestic and foreign origin. Food processing industries are adversely affected because they rely basically on a cyclical supply of agricultural raw materials. Delays in ordering and receiving spare parts occur because of difficulties in establishing lines of credit for imports, in securing foreign exchange and in unloading and clearing shipments (congestions at ports and complex formalities and procedures). Sometimes, these delays occur because the small size of the orders reduces the eagerness of the supplier to respond quickly. This has caused some companies to operate below capacity and at a loss for long periods of time.

The rate of implementation of actual to planned production may be used as an indicator of the rate of capacity utilization. In 1983, this rate was highest in the case of the Cement Organization (97 per cent), followed by food (89 per cent), textiles and engineering (77 and 76 per cent, respectively) and lowest in the case of the Chemicals Organization (67 per cent). Capacity utilization at the level of individual lines of production could be seen in Table 19 which indicates that the three phosphatic fertilizers projects have been operating at 20 per cent of their potential capacity in 1983, due largely to technical problems. Among the other lines working at less than half their potential capacity, glass, detergents and paints, telephone apparatus, tyres, dehydrated onions and groundnuts can be mentioned.

Employment and Productivity 1/

During the period 1965-1975, directly after nationalization, the labour force of the five General Organizations under consideration totalling 22327 in 1965, grew at an average annual rate of 5.9 per cent to reach 39549 in 1975. Between 1975 and 1980, this rate somewhat rose to 6.6 per cent. By the end of 1984, the total workforce of the five General Organizations under review was about 63737 as against 54382 in 1980, an overall increase of 17 per cent, or 4.1 per cent per annum. The textiles sector employs 38 per cent of the total workforce, followed by Chemicals with 22 per cent. The Cement Organization employs 16 per cent and 14 per cent is employed by the Engineering Organization.

1/ See Annex Table A-10.

Table 14. General Organizations: Average Annual Growth Rates in Labour Force and Real Output (Per Cent)

General Organizations	Employment 1975-80	Employment 1980-84	Employment 1983-84	Real Output (1980-84) Value	Real Output (1980-84) Quantity (range)
Food	-1.2	4.0	13.3	30.0	2 to 14
Textiles	0.3	0.7	2.4	21.0	2 to 13
Chemicals	21.0	6.1	14.7	50.0	20 to 50
Cement	19.9	11.8	...	38.0	18 to 21
Engineering	17.1	3.2	...	2.2	-1 to -19
Total	6.6	4.1	...	25.5	...

Source: See Annex Tables A-2, A-9 and A-10.

During 1980-1984, the Cement and Building Materials Organization showed the greatest relative increase (11.8 per cent) in its labour force (see Table 14 above). This is due to the opening of several new cement factories (Aleppo 3, Tartous 1 and 2, Maslamiyah 2, Adra 2). In 1984, the workforce in the Chemicals Organization increased by 14.7 per cent and in the Food Industries by 13.3 per cent. In the former case, employment increased due to the erection of new fertilizers plants for triple superphosphates, urea and ammonia. In the latter case, the number of employees increased because of the setting-up of three new plants for canned vegetables and tomato paste in Idlib, Hasaka and Mayadine. In the Engineering Organization, the erection of an electric cables plant raised employment only modestly. The small growth rate discerned in the Textiles Organization confirms the attempts to refrain from unnecessary recruitment and to maintain the current level of employment as far as possible in order to offset the tendency for overstaffing.

A total of ten companies, two fertilizer projects, five cement factories, one electric bulbs project and two water plants were erected and staffed during 1980-1984 which provided around 10,000 jobs. Some labour shedding took place during the period reviewed (liquidation of the Lattakia Vegetable Oil Company).

About 41 per cent of the increase in the labour force during 1980-1984, were accounted for by staffing the five new cement factories, 31 per cent from staffing two fertilizers projects, electric bulbs project, a company for paper and pulp and another for tyres. Around 10 per cent of the increment may be attributed to staffing three food canning plants and two water plants in

addition to expansions in production lines of existing facilities in the Food Organization; while another 11 per cent is related to recruitments for the electric cables plant and expansions in the Engineering sector. The balance (7 per cent) was accounted for by of four textile companies.

Productivity in the General Organizations has been adversely affected by overstaffing which can be observed not only in production lines but also in managerial and supportive services. Shortages in skilled manpower and qualified technicians have been compounded by relatively unattractive wages and low salary scales. Consequently, some of the skilled and semi-skilled manpower have been lured by private sector firms or neighbouring Arab countries through higher salaries and more lucrative propositions. In principle, labour shedding could help; however, this solution seems unlikely due to prevailing labour regulations and social pressures which makes it difficult for public enterprises to do away with redundant labour. This problem is magnified in labour-intensive industries such as textiles, food processing and the engineering assembly plants. The textiles sector, for example, which employs over 38 per cent of total manpower in the five General Organizations, has suffered from overstaffing and lower productivity since its inception.

In the cement industry, low productivity may be related to difficult working conditions in the cement factories, the lack of adequate production incentives and State-imposed recruitment policies (recruitment of unqualified and redundant graduates of technical institutes). All of these factors augment the problem of over-employment. By contrast, productivity of labour in the chemicals sector has followed an upward trend, as it improved four-fold between 1980 and 1984.

An indicator of overall productivity in the General Organizations is arrived at by comparing the rate of growth in real output to that of employment (real value added per worker). It seems that the output realized during 1980-1984 has, on average, increased much faster than employment in four out of the five Organizations being reviewed, and particularly in the Chemicals and Cement Organizations. In the case of Chemicals Organization, physical output grew by between 20 and 50 per cent annually, while employment grew by 6.1 per cent per annum. In the Cement Organization, production grew by between 18 and 21 per cent per annum, while employment grew by 11.8 per

cent. In the labour-intensive Textiles Organization, growth in employment was only 0.7 per cent per annum, and, the correspoding growth in real production (constant 1980 prices) was 10.7 per cent (physical output ranged between 2 and 13 per cent). Similarly, in the food sector employment grew by 4 per cent per annum while production (in constant 1980 prices) indicated an estimated growth by 17 per cent, and physical output grew by between 2 and 14 per cent during this period 1/. The exception was in the Engineering Industries Organization where growth in employment was faster than that in production, as employment grew by 3.2 per cent annually while production generally declined (by between 1 and 19 per cent).

Investment 2/

Investments included expenditures on modernization, expansion and renewal of existing facilities, purchase of equipment, spare parts and components, building and construction of new plants, establishment and trial runs and acquisition of land. Twenty new plants and factories were set up during the period under review; and these represent the bulk of total industrial investments. Most of the new projects requiring large investment outlays were implemented in Chemicals and Cement, some were constructed in food and textiles, and only one in the engineering sector. More specifically: in the Chemicals Organization, two large fertilizers projects, one electric bulbs project and two companies for tyres and paper and pulp, and in the Cement Organization five new cement factories were set up. In the Food Organization, three canning factories and two mineral water plants were completed. In the Textiles Organization four new companies for yarn and fabrics were established and fully equipped with modern machinery; while only one company for electric cables was created in the Engineering Organization. (See Annex Table A-8).

The combined investments of the five General Organizations followed a normal curve pattern during 1980-1984. Investments peaked in 1982 when they reached around one billion Syrian Pounds, before they dropped to one-third

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1/ Growth in output was less than 4 per cent, only in the case of biscuits (2.5 per cent).

2/ See Annex Tables A-3, A-11 and A-12.

this level in 1983 and further to reach LS 225 million in 1984. In 1982, the Chemicals Organization was responsible for more than half of the combined investment outlays and the Cement Organization for one-fourth. Actual expenditures on investment represented around 97 per cent of total allocations in 1982, the highest ratio of actual to allocated investments attained during 1980-1984. The Chemicals Organization alone was able to invest double its allocations for that year, 85 per cent of which were on establishment expenditures and trial runs for the fertilizers projects. The ratio of actual to planned investments, for the group, declined in the subsequent two years and in 1984 was not more than 25 per cent of total allocated investments. This could be attributed to two factors: First, the culmination of projects which were under construction and trial runs; and second, difficulties in establishing lines of credit, ensuring scarce foreign exchange requirements and securing the necessary financing for projects. On the whole, the purchase of equipment accounted for the largest share in investment outlays, and in 1984, it reached 65 per cent of total investments; while one-fourth was spent on building and construction.

Investment 1/ in existing companies may be compared with the investment on new projects of the five General Organizations. The increase in total investment outlays until 1982 is shown in Table 15. The establishment of huge

Table 15. Fixed Investments by General Organizations, 1980-1984
(millions of Syrian Pounds)

	1980	1981	1982	1983	1984
Total investment	753.2	795.9	998.4	371.1	225.2
Investment on new projects	155.4	287.4	508.1	63.3	7.8
Percentage share (%)	20.6	36.1	50.9	17.1	3.5

Source: See Annex Tables A-3, A-11, A-12.

1/ Investment includes actual expenditures on renovation, expansions, modernizations, establishment expenses and trial runs; acquisition of land, building and construction, equipment; administrative expenses and salaries and wages.

projects requiring large investment outlays, especially those of fertilizers and cement, has raised the level of total investments during 1980-1982. With their culmination, investments declined.

During 1980-1984, investments in new projects peaked in 1982 and then represented a declining share in total investments, particularly subsequent to the decline in total investment outlays in 1983 and 1984. The share of investment on new projects in combined investments of the five General Organizations has expanded between 1980 and 1982, from 20.6 per cent in 1980 to 50.9 per cent in 1982 before declining in subsequent years, and stood at 3.5 per cent in 1984. A very small proportion of investments has been internally generated, with most of the financing being done through public debt allocations from external borrowing. The General Organizations are obliged to contribute to the Treasury Fund for Adjusting Prices. In addition, they have to bear charges for delays in credit settlements (foreign exchange), pay income taxes and real estate taxes, pay penalties for delays in settlement of unpaid dues and fees, and pay surtaxes on agricultural production. These disbursements and dues have overtaxed the profit records of the General Organizations and have mostly affected their liquidity position. This is especially significant since returns on sales are generally deposited with the Treasury in the Ministry of Finance.

The profit records of the General Organization are poor, except for the high profits recorded by the Electronics Company (producing "luxury" items). Lack of liquidity of the General Organizations is a major problem in self-financing their development programmes. Moreover, the system of cost accounting is misleading due to unrealistic foreign exchange rates, unrealistic assessment of depreciation, and compulsory ceiling pricing system (purchase and selling prices).

Sales 1/

The combined sales of the five General Organizations almost doubled from LS 3210 million in 1980 to LS 6290 million in 1983, an overall increase by 96 per cent (or at the rate of 25 per cent per annum). In 1984, total sales were estimated to reach LS 7455 million, a growth by 18.5 per cent. The

1/ See Annex Table A-13.

accumulation of stocks was a common feature amongst the five Organizations under review. This could be observed from the fact that sales were often less than output for several products which may be largely attributed to marketing problems and demand conditions, whether locally or externally. Thus, while idle capacity may be a major concern and a cause for production shortages which may have adversely affected export performance, the significance of marketing problems should not be undermined as indicated by the existence of accumulated stocks of actual and potential exports. (See Annex Tables A-4 and A-5).

The year-to-year variations in combined sales of the General Organizations (excluding cement, for which comparable data were not available), indicate a gradual slowdown in growth from 35 per cent in 1981 to 22 per cent in 1983 and (tentative) 16 per cent in 1984 (See Table 16). Between 1980 and 1983, sales of the chemicals sector showed the greatest relative increase (60 per cent per annum) followed at a distance by textiles (29.5 per cent) and food sector (23 per cent). In 1984, growth in sales of textiles slowed down considerably to 5 per cent, while the engineering sector's sales were almost 10 per cent below their 1983 level. Total sales of the food and chemicals organizations were anticipated to grow substantially in 1984, provided production targets were met.

Table 16. General Organizations: Annual Variations and Percentage Shares in Combined Sales, 1980-1984 (in per cent)

General Organization	Annual Variations				Percentage Shares		
	1981	1982	1983	1984	1980	1983	1984
Food	30.8	25.4	13.4	36.5*	12.0	11.8	13.6*
Textiles	37.9	19.7	30.9	4.9	27.0	29.5	26.1
Chemicals	66.2	77.4	42.9	45.6*	10.0	20.7	25.5*
Cement	...	...	...	28.4	23.0	18.3	19.8
Engineering	24.6	7.7	1.2	-9.6	28.0	19.6	15.0
Total	...	...	...	18.5*	100.0	100.0	100.0
Total (excl. cement)	35.4	25.4	22.2	16.3*			

Source: See Annex Table A-13.
* Planned estimates

In 1980, engineering and textiles almost equally accounted for 55 per cent of combined sales of the five General Organizations. These were followed in order of magnitude by cement, whose sales accounted for 23 per cent; while food and chemicals were responsible for 12 per cent and 10 per cent of total sales, respectively. In 1983, textiles sales assumed first position (30 per cent), while sales from the chemicals, engineering and cement sectors each accounted for around one-fifth of the combined total. The share of the food sector stagnated at around 12 per cent of combined sales. At the level of individual commodities, around 44 per cent of combined sales were accounted for in 1983 by four major items: cement (17 per cent), cotton yarn and fabrics (19 per cent), and fertilizers (8 per cent). Around 8 per cent of sales were equally shared by iron and metal goods and electric cables.

The slowdown in growth of sales of textiles products in 1984 reflected lower output, combined with stabilized prices imposed by the State. Notably, physical output of cotton yarn and fabrics, accounting for over 60 per cent of the Textiles Organization sales, declined by between 7 and 9 per cent. After having virtually stagnated in 1983, sales of engineering products diminished in 1984 as a result of a decline in production in view of the accmulation of unsold stocks in a few items. This was due to low demand for "luxury" items (TV sets, refrigerators, ovens and gas cookers) resulting from high and non-competitive prices, and aggravated by smuggling of similar products from neighbouring countries. Sales of cement and building materials doubled between 1980 and 1984, and in 1984, were 28 per cent above their 1983 level. This increase is due to the expansion in production attributed to modernization and development projects that were carried out on existing old cement factories and the building of a number of new ones during 1980-1984. The rapid output growth and price increases combined to give the Chemical Industries the highest growth rates of sales during the period reviewed. Sales of chemical industries rose largely because production increased due to the new fertilizer plants (triple superphosphates, urea and ammonia). Similarly, the estimated substantial increase in sales of food products in 1984 was based on the newly installed productive capacity with three canning factories (Hasaka, Mayadine and Idlib) coming fully on stream in 1983.

Exports 1/

The diversification of exports of manufactured goods is largely determined by the production base, which is narrow in the Syrian Arab Republic. This is indicated by the concentration on a handful of commodities comprising almost half of the value of production, notably cement, cotton yarn and fabrics and fertilizers. The level of exports is also a function of the industrialization strategy, as implemented by public sector enterprises, which is mainly concerned with manufacturing to meet local demand. In principle, the surpluses of production over local consumption are being exported, although in some instances only partially as indicated by accumulated stocks of unsold exportable goods. This largely explains the erratic behaviour of exports, by level and commodity composition: with some exports disappearing, others emerging and the level of traditional exports fluctuating tremendously from one year to the next. While cotton yarn and textile fabrics are partly produced for export purposes, exceptions exist where some items are produced primarily for exports like dehydrated onions, cotton linters, and pickled sheepskins 2/.

The combined exports originating in the General Organizations for food, textiles, chemicals and engineering increased from LS 106 million in 1980 to LS 468 million in 1983, i.e. at the rate of 65 per cent per annum. The Cement Organization did not have any exports until 1984. Of this total, exports from the Textiles Organization represented 78 per cent, Chemicals 12 per cent: while Engineering and Food each accounted for 5 per cent.

Exports of the Food and Chemicals Organizations were anticipated to reach in 1984 LS 108.4 million and LS 346.9 million, respectively. Taking these two values into consideration, combined exports of the five organizations would have amounted to LS 782.4 million, with exports of chemicals dominating, and a growth by 67 per cent. However, preliminary information indicates an overall decline by 8 per cent below 1983, with textiles exports retaining their dominant position and accounting for 65 per cent of combined exports of the five organizations. The share of exports of the food sector more than doubled

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1/ See Annex Tables A-6 and A-13.

2/ The latter two commodities are not classified by the United Nations as semi-manufactured or manufactured goods.

to 12 per cent, a share equivalent to that of the Chemicals sector, and cement exports became responsible for around 7 per cent of the total; while, the share of the engineering sector diminished to around 4 per cent. Year-to-year variations in the General Organizations' level of exports reveal an erratic behaviour, whether considered separately or combined, which somehow makes it difficult to draw a trend for such a performance. (see Table 17).

Table 17. General Organizations: Values, Percentage Shares and Annual Variations in Combined Exports, 1980-1984

General Organization	Exports (SL million)			Percentage Shares			Annual Variations (%)			
	1980	1983	1984	1980	1983	1984	1981	1982	1983	1984
Food	24.6	24.4	51.7*	23.2	5.2	12.0*	22.1	-25.4	10.7	111.8*
Textiles	54.4	363.9	279.0	51.3	77.7	64.8	81.0	32.4	179.4	-23.3
Chemicals	23.2	54.1	51.6*	21.9	11.6	12.0*	48.4	-11.7	77.9	-4.7*
Cement	-	-	29.5	-	-	6.8	-	-	-	n.a.
Engineering	3.8	25.8	18.7	3.6	5.5	4.3	-83.2	533.6	531.4	-27.8
Total	106.1	468.2	430.4*	100.0	100.0	100.0	54.2	14.4	150.2	-8.1*

Source: Computations by the ESCWA Secretariat. See Annex Tables A-6 and A-13.

*Preliminary estimates

The share of exports in total sales of the four General Organizations producing exportable commodities (excluding Cement), has improved from 4.3 per cent in 1980 to 9.1 per cent in 1983. Most of the increase was due to exports of textile products which grew by 100 per cent per annum before diminishing by 23 per cent in 1984. The share of exports in sales of the Textiles Organization followed suit and declined from 20 per cent in 1983 to 14 per cent in 1984. Similarly, exports of engineering industries grew six-fold between 1980 and 1983 before declining by around 28 per cent in 1984. In relative terms, their share in the Organization's sales having improved from 0.5 per cent in 1980 to 2.1 per cent in 1983, dropped to 1.7 per cent in 1984.

Exports of the Chemicals Organization grew by 32 per cent per annum between 1980 and 1983, but their share in the Organization's sales diminished from 8 per cent to 4 per cent, largely due to increased domestic demand for fertilizers pursuant to the Government's policy to encourage the use of fertilizers in expanding agricultural production. Exports in 1984 were anticipated to be six-times larger with the expansion in production due to the new fertilizers plants. However, tentative information reveals that only 15 per cent of planned exports were effected in 1984, despite a growth in production of phosphatic fertilizers by 26 per cent, and export contracts were only partially implemented. Consequently, exports were 5 per cent below their 1983 level, with pickled sheepskins accounting for the bulk (around half).

Exports from the Food Organization had been stagnant since 1975. Between 1980 and 1983, exports of food products declined by 0.3 per cent per annum and their share in total sales of the Organization dropped from 6 per cent to 3 per cent. Reasons vary between insufficient supplies for production due to bad harvest, to increased local demand for food items. However, with new plants recently erected for canning of vegetables, larger spans of land for growing dehydrated onions and better arrangements for processing cotton linters (Turkish facilities), both production and exports were anticipated to improve substantially in 1984. In fact, exports alone were set to grow fivefold. However, tentative information indicates that exports in 1984 were only twice as much as they were in 1983, with most of the increment due to a threefold increase in exports of cotton linters. Exports of canned food, groundnuts and dehydrated onions fell much short of plans due to a bad harvest (production of canned food diminished by 40 per cent in 1984), increased local demand (groundnuts) or lower foreign demand (dehydrated onions).

At the level of individual exported items, Table 18 is self-explanatory as it indicates the (unsold stocks) surplus of production over sales for each item exported (real exports as a percentage of total sales). Moreover, the Table gives the weight or relative importance of each exported item in the combined exports of the General Organizations (percentage share of items in total exports) as well as average growth rates between 1980-1983. The Table reveals: First cotton yarn and cotton fabrics are, by far, the predominant exports, with relatively the most predictable and stable growth; second, the absence of a growth pattern in individual exports; third, exports fall into

Table 18. General Organizations: Indicators for Exports of Selected Commodities, 1983 (in Per Cent)

	1983			1980-1983
	Stocks as % of Output	Real Exports as % of Sales	Weight	Rates of Growth
A. Primarily for exports				
Pickled sheepskins	72.4	100.0	0.8	-34.0
Aluminium fluoride	-	100.0	0.5	...
Cotton linters	7.8	99.4	2.8	12.0
Dehydrated onions	12.4	97.5	1.9	6.8
B. Partially for exports				
Lead pencils	-	77.7	1.7	n.a.
Mineral water	-	74.9	...	n.a.
Synthetic fabrics	-	71.1	4.5	...
Electric transformers	-	57.9	0.9	70.0
Ballpoint pens	-	47.3	0.4	n.a.
Carpets, silk	-	42.0	1.1	...
Underwear	10.3	39.0	5.4	...
Cotton yarn	-	30.2	35.8	...
Paints, oil	-	27.9	1.8	n.a.
Woollen fabrics	-	24.8	4.7	...
Carpets, wool	2.2	19.4	3.2	...
Cotton fabrics	-	18.4	22.6	...
C. Ad hoc exports				
Television sets, coloured	3.3	15.1	2.6	100.0
Phosphatic fertilizers	-	13.4	2.8	n.a.
Detergents	-	12.6	2.7	n.a.
Pressure cookers	-	10.6	0.1	80.0
Sports shoes	-	9.3	0.3	-33.0
Glass products	3.9	8.8	1.2	3.7
Leather footwear, men's	-	8.5	0.1	n.a.
Groundnuts	-	6.8	0.2	-44.0
Cooking utensils	30.6	5.7	0.04	34.0
Ovens & gas cookers	7.8	1.8	0.04	2.9
Ammonia and urea	21.0	1.7	1.0	n.a.
Telephone apparatus	1.2	1.6	0.02	n.a.
Canned food	37.4	1.5	0.3	-18.0
Outergarments	-	1.5	0.4	...
Hosiery	3.8	1.0	0.03	...
Refrigerators	5.7	0.4	0.1	-26.0
Combined Total	n.a.	9.1	100.0	65.0

Source: See Annex Tables A-4, A-5, A-6 and A-13.

n.a. in the average annual rates of growth column, indicates that the item was not exported in 1980.

three groups when arranged in descending order of magnitude with respect to their share in total sales (except for some stray items).

Thus, exports of cotton yarn were, by far, the most significant and in 1983, they accounted for 36 per cent of combined exports from the four Organizations under review. These were followed in relative importance by cotton fabrics comprising 23 per cent and miscellaneous textile articles representing around 19 per cent of combined exports. Exports of fertilizers (phosphatic, urea and ammonia) constituted around 4 per cent; cotton linters, detergents, and television sets (coloured) each accounted for 3 per cent; while dehydrated onions, paints, lead pencils and glass products together accounted for around 6 per cent. The balance (2 per cent) was accounted for by exports of groundnuts, canned food, electric transformers, pickled sheepskins, ballpoint pens, some sports and leather footwear, refrigerators and telephones, pressure cookers, ovens and gas cookers and cooking utensils. As a reflection of the slowdown or decline witnessed in physical production of significant items in 1984, the list of exported items contracted to only a few. Thus, half of the combined exports were accounted for by cotton yarn and fabrics, and around 9 per cent by each of cotton linters, woollen and synthetic fabrics and underwear. Cement and pickled sheepskins were each responsible for around 7 per cent of exports.

B. Problems and Prospects of Exports

Within an industrialization strategy which gives priority to import-substitution over export promotion, and where the production base is narrow, export transactions are a welcome source of foreign exchange to finance import requirements. Since production is primarily intended for domestic use, leaving only limited surpluses for export, it is essentially not export-oriented. Therefore, it is not preceded by proper marketing research nor backstopped by research and development to improve quality, tailor it to tastes of consumers and follow international standards and specifications. It follows that the fluctuations in the level and commodity composition of exports are most likely to persist in the short and medium-term. Within this framework and under the prevailing economic conditions, which do not lend themselves to an immediate perceptible change in the structure nor a widening of the production base, any discussion of the prospects for exports of

manufactures from the Syrian Arab Republic could only be based on qualitative speculations as quantifiable projections may not be meaningful.

Prospects for the expansion of exports exist in the case of a limited number of manufactured and semi-manufactured products with anticipated surpluses, foreign demand and market access possibilities. These are discussed below on a commodity-by-commodity basis and illustrated in Table 19 which gives a qualitative survey of the factors that favour or restrain the growth of exports and indicates prospects. The Table covers the factors affecting production, i.e. supply and cost of raw materials, supply and cost of labour; as well as the condition and installed capacity utilization of the productive facilities. The factors affecting the marketability and competitiveness of exports are given including the cost of production (which determines the price) and the quality of goods produced. Foreign demand for the product in question and accessibility into foreign markets, including preferential treatment, is reflected by the level of stock accumulation. Short and medium-term export prospects are then indicated, based on the above listed criteria and on planned expansion in productive capacity.

Manufactured goods produced in the General Organizations may be classified into three categories: Those that are primarily intended for exports (dehydrated onions, cotton linters, pickled sheepskins), those that are export-oriented but also cater to the domestic market demand (textiles) and those that are "accidental" or ad hoc exports, i.e. occasional depending on the existence of a surplus of production over local consumption. In the first group, the level of production, strength of foreign demand and market penetration are the main determining factors for export growth and prospects. In the remaining two groups, the growth of exports is primarily a function of both, the level of production and domestic consumption. An expanded physical output is a prerequisite for export growth, taking into account local demand. It can be observed from Annex Tables A-2, A-4 and A-6 that, generally, growth in production was not always associated with growth in exports, while a decline in exports was almost always linked to a diminished output and increased local demand.

Commodity-by-Commodity Survey (see Table 19)

A. Produced Primarily for exports

1. Cotton linters

There is a limited absorptive capacity for cotton linters in the domestic market; therefore, it is entirely produced for export purposes. The supply of cotton seeds is abundant, while facilities are working at full capacity. Notwithstanding the presence of accumulated and unexported stocks, there are plans to expand these facilities. Meanwhile, the excess is being shipped to Turkey for processing in return for a fee, after which it is exported. Prospects for export growth are good.

2. Dehydrated onions

Shortages of raw materials have led to idle capacity. Local consumption is negligible. Foreign demand exists, despite a high cost of production which somewhat reduces competitiveness and results in stock accumulation. There are plans to raise production by expanding the growing area and modernizing production techniques. Therefore, export prospects are good.

3. Pickled sheepskins

Production is limited by the supply of local raw materials which has led to idle capacity of facilities. Expansion of productive capacity is envisaged. The presence of accumulated stocks indicates the existence of marketing problems. There are plans for utilizing sheepskins as inputs for finished goods. Meanwhile, exports of pickled sheepskins are anticipated to grow, if undertaken within the context of barter agreements and preferential arrangements.

B. Produced Partially for Exports

1. Cotton yarn

Capacity for production depends on the level of raw cotton output. Production is directed partially towards exports (under contracts and barter deals) and satisfies local needs of weaving mills (private and public). Cost of production and quality of yarn are competitive, foreign demand and market access pose little problem. Export prospects continue to be good, particularly as renovations of old facilities and construction of new ones have been undertaken.

Table 19. General Organizations: Factors Limiting or Enhancing Growth of Actual and Potential Exports of Manufactures

	Factors of Production						Criteria for Exports					Short and Medium-Term Prospect	
	Raw Materials		Labour Force		Facilities		Competitiveness		Marketability				
	Supply	Cost	Supply	Cost	Condition	Utilized Capacity (%)	Cost	Quality	Market Access	Foreign Demand	Stocks	Production	Exports
Canned food	-	-	-	=	-	89	-	=	-	=	+	+	=
Groundnuts	-	-	=	-	=	51	-	=	-	-	-	-	-
Dehydrated onions	-	-	=	=	=	51	-	+	-	+	+	+	+
Alcoholic beverages	+	=	=	=	=	100	-	=	-	-	+	=	-
Biscuits	+	=	-	+	-	100	-	-	-	-	-	=	-
Mineral water	-	-	=	=	=	100	-	+	-	-	-	=	-
Cotton linters 1/	+	-	-	+	-	95	-	+	=	+	+	+	+
Cotton yarn	=	+	-	-	-	82	+	+	+	+	-	+	+
Cotton (greycloth) fabrics	=	+	-	-	-	87	+	+	+	+	-	+	+
Synethtic fabrics	=	=	-	-	-	79	=	-	=	=	-	-	-
Woollen fabrics	=	=	-	-	-	92	=	-	=	=	-	+	=
Hosiery	=	=	-	-	-	83	=	-	-	-	+	=	-
Carpets, wool	=	-	-	-	-	86	=	=	=	=	+	=	-
Carpets, silk	=	=	-	-	-	83	=	=	-	-	-	-	-
Underwear	=	=	-	-	-	80	=	=	=	=	+	=	=
Outergarments	=	=	-	-	-	85	=	-	-	-	-	=	-
Fertilizers, phosphatic	-	-	=	-	+	20	-	+	-	+	+	+	+
Aluminium fluoride	=	=	=	=	+	100	-	+	+	+	-	+	+
Glass products	+	-	-	-	-	25	-	+	+	+	+	+	+
Ballpoint pens	-	=	=	=	=	100	=	-	+	+	-	+	+
Detergents	-	-	-	+	-	37	-	-	-	-	-	+	-
Paints (oil)	-	-	-	+	+	36	-	+	+	+	-	+	=
Tyres	-	-	=	=	=	46	-	=	=	=	+	+	-
Electric bulbs	=	=	=	=	+	90	+	-	=	+	+	+	=
Foolwear, leather	=	-	-	+	-	71	-	-	-	=	-	-	-
Footwear, other	-	-	-	-	-	91	-	-	-	-	-	-	-
Pickled sheepskins 1/	=	+	-	=	-	60	+	=	+	+	+	+	+
Cement	=	-	-	-	-	99	-	+	=	+	+	+	=
Sanitary ware	-	-	-	-	-	89	-	-	-	-	+	=	-
Television sets (coloured)	-	-	=	=	=	62	-	=	-	=	+	-	-
Telephone apparatus	-	-	=	=	=	48	-	=	-	=	+	-	-
Refrigerators	-	-	=	=	=	95	-	=	-	=	+	-	-
Ovens and gas cookers	-	-	=	=	=	89	-	=	-	=	+	=	-
Pressure cookers	-	-	=	=	=	-	-	=	-	=	-	-	-
Cooking utensils	-	-	=	=	=	100	-	=	-	=	+	-	-
Electric generators	=	=	=	=	=	95	=	=	=	+	-	-	+
Electric transformers	=	=	=	=	=	100	=	=	=	+	-	-	+
Electric cables	=	=	=	=	=	91	=	=	=	+	+	=	+
Lead pencils	=	=	=	=	=	100	=	=	+	+	-	=	+
Metal constructions	=	=	=	=	=	100	=	=	=	=	+	=	=

Table 19. cont'd.

Interpretation of signs (- negative factors; + positive factors)

A. Factors of production

Supply of raw materials	- inadequate = adequate + abundant	Market access	- difficult = preferential + easy/competitive
Cost of raw materials and labour	- high = moderate + competitive	Foreign demand	- limited = possible + existant
Supply of labour	- overstaffed = adequately staffed	Production (planned)	- declining = stagnant + expanding
Supply of facilities	- obsolete = renovated + modern	Export prospects	- negligible = fair + good

B. Criteria for exports

Cost of production	- high = moderate + competitive
Stocks (surplus of production over sales)	- negligible + surplus for exports (local demand is satisfied)
Quality of goods	- inferior = average + good/competitive

Source: ESCWA Secretariat

1/ Not included in the United Nations Standard International Trade Classification under manufactured or semi-manufactured items.

2. Cotton greycloth

Production is sufficient for local needs and exports. Exports are simple, like those of cotton yarn, and consumers are satisfied with quality and price. Exports will continue to grow under annual contracts and preferntial agreements. Access to new markets is not very difficult, due to the fact that greycloth is not printed, coloured nor designed. Therefore, it does not have to abide by sophisticated specifications to satisfy consumers.

3. Other textile articles and cotton piece goods (synthetic and woollen fabrics, underwear, wool carpets)

Production is sufficient for local retail shops and export purposes. Exports of these goods are complicated. First, production is not especially tailored for exports and no special effort has been exerted to mold it in that direction. Sufficient attention is not paid to requirements for quality, design, or specifications. No marketing research is being undertaken to improve the quality or develop it according to tastes of consumers. Second, severe competition in neighbouring markets is prevalent from less expensive, more up-to-date and fashionable goods (Taiwan, Hongkong..). Third, in the European markets protection is heavy since these goods are classified as "sensitive" items. Fourth, Syria is not a party to the Multi-Fibre Arrangement (MFA) which regulates exports of textiles from developing to developed countries. Therefore, severe competition in neighbouring markets (cost consideration), protection in international and Western markets (sensitive products) and undeveloped product quality (no market research) are the main limitations to growth of exports of textile articles. This has resulted in stock accumulations in the case of hosiery, underwear and wool carpets.

4. Ballpoint pens

The facilities for production are operating at full capacity, despite some shortages in supplies of imported raw materials. The surplus of production over local consumption is being exported under annual contracts. Foreign demand and access to markets are satisfactory. Production has been raised through the addition of new lines of production and the increase in number of labour shifts operating the facilities. Given the above, export prospects appear to be good.

5. Lead pencils

Production facilities are operating at full capacity. Local consumption leaves a substantial surplus for export. Export demand and market access is confirmed, at least, for the five years to come (contract has been concluded). There are plans to raise capacity by installing additional lines of production, especially geared to satisfy foreign demand. This will improve export prospects.

6. Electric generators and transformers

Production is sufficient to satisfy domestic demand and leave a substantial exportable surplus. Despite shortcomings, foreign demand for these products exists and a contract for five years has been signed for their export. There are plans to expand productive capacity, which should improve their export potential.

7. Cement

Productive capacity is fully utilized. When the recently erected factories come fully on stream, the level of production will rise substantially to satisfy local consumption and leave a regular surplus (minimum 10 per cent) for exports. A number of neighbouring countries are either currently producing cement or importing cheaper cement which limits export prospects in that direction. However, foreign demand elsewhere is existant, but export contracts have been breached due to transportation bottlenecks and therefore only partially implemented. Therefore, in order to improve export prospects, transportation problems ought to be solved and the search for stable outlets to absorb the surplus production ought to be intensified.

8. Canned food (tomato paste)

With the expansion in installed productive capacity in recent years, production became sufficient to satisfy local consumption and leave a surplus for exports, provided a sufficient supply of tomatoes was available. Consideration may be given to importing tomatoes, when the crop is insufficient, to run the facilities at full capacity so as not to lose markets. The payment of surtaxes on agricultural production; high cost of transportation and complicated border arrangements; and the State-imposed high purchase prices from the farmer raise the cost of production. High production cost and the unsatisfactory quality of the product (dependent on

the quality of tomatoes) have reduced competitiveness and resulted in stocks accumulation. Unless these problems were resolved, possibly through the provision of export subsidies, prospects for growth of exports will remain "fair". Meanwhile, exports of canned food should preferably be governed by contractual agreements or barter trade.

9. Glass products (mainly containers and flat and opaque glass)

The poor condition of facilities has led to inefficient use of resources and resulted in idle capacity. The local market is more or less saturated. Foreign demand and market access are satisfactory. Exports mainly to neighbouring countries and those with which special economic and political relations exist are governed by annual contracts. However, with plans for maintenance, expansion and renovation of existing facilities, production is expected to increase leaving more surpluses for exports. This requires more efforts to market the surplus, particularly as stocks have been accumulating.

10. Fertilizers (phosphatic, urea and ammonia)

Production capacity has increased enormously. However, technical problems have been the overriding cause for idle capacity. Local consumption has been growing with the Government's policy to encourage the use of fertilizers for raising agricultural productivity. Moreover, many neighbouring countries are producing fertilizers thus, severe competition is a deterrant. Consequently, export potential is limited in these countries. On the other hand, the availability of a surplus of production over sales may be indicative of marketing problems. However, these surpluses may be disposed of through barter trade agreements as has been the case.

11. Detergents and paints

Production is hampered by irregular supplies of imported raw materials, which in addition to resulting in idle capacity has led to higher production costs. This has aggravated smuggling and reduced competitiveness in export markets. The Government has attempted to combat smuggling, inter alia, by cutting down on exports to ensure a sufficient supply for the growing domestic demand. In the case of detergents, the inferior quality of goods and the production of competing products in neighbouring markets are additional factors that limit export prospects. In the case of paints, the existence of foreign demand and relatively easy access are offset by limited growth in capacity for production. Therefore, if capacity utilization were to be

improved and the level of production raised, then the potential for exports might fairly increase for paints.

C. Ad hoc exports (produced primarily for domestic use)

1. Electric cables

Production capacity is almost fully utilized. The domestic market, however, has been able to absorb a part of output only. Export possibilities are limited by low demand in the neighbouring countries who are also producing electric cables (Bahrain, Saudi Arabia) and which are the natural markets. Foreign demand and accessibility into other markets are dependent on the conclusion of barter deals. Export contracts have already been concluded for a limited duration but having no assurance of continuity. Thus, export prospects are limited.

2. Electric bulbs

Installed productive capacity is almost fully utilized. The domestic market, however, has been able to absorb a part of putput only leading to stock build-up. Nevertheless, there are plans to raise productive capacity. Despite the high cost of production (imported raw materials) and not very good quality, there is demand for half-worked electric bulbs. However, this demand is more or less linked to preferential arrangements and barter trade and bears no element of continuity.

3. Tyres

Production is below capacity due to shortages in supplies of imported raw materials. However, even the current level of production is not being entirely consumed domestically and half of the volume of production is left in stock. The implementation of plans for construction of new facilities and expansion of old ones will raise the level of production, and leave larger surpluses for exports. Thus, what is needed is the location of export outlets for this surplus through adequate market research.

4. Mineral water

Although a considerable portion of production was until recently being exported, limited productive capacity and growing local consumption due to changing consumption patterns, leaves little exportable surpluses. Moreover, the high cost of production due to reliance on imported inputs and of transportation, and severe competition in neighbouring countries from

locally-produced and protected bottled mineral water has reduced immensely export prospects.

5. Groundnuts

The supply of groundnuts for processing is cyclical and insufficient leading to idle capacity. No expansion in production is envisaged due to continuous losses incurred by the producing company. In fact, there are plans to grow other crops. The high cost of production induced smuggling and reduced competitiveness in local and foreign markets. Exports have diminished and production will only be sufficient to satisfy domestic consumption. Therefore, export prospects are negligible.

6. "Luxury" items (Television sets, refrigerators, gas cookers and ovens, telephones)

Under-capacity utilization, high production costs, relatively inferior quality, difficulties of penetrating markets, production of similar products in neighbouring countries and growing local demand reduce the competitiveness of these products and leave accumulated stocks indicating the existence of acute marketing problems and hence limited export prospects.

7. Footwear (leather, sports, rubber and plastic)

With productive capacity limited and a changing local demand pattern, the surpluses of production over local consumption can be expected to continue to fluctuate. The high production cost and inferior quality of footwear reduce competitiveness. Furthermore, exports of footwear are complicated since they have to satisfy changing tastes of consumers regarding fashion, design, and specifications. Therefore, unless exports are contracted under barter trade and preferential arrangements (sometimes at cheap prices), prospects for growth are negligible.

8. Sanitary ware

Capacity is almost fully utilized. High production costs, inferior quality, lack of abidance by international standards for design and packing,all render such items non-competitive, particularly in neighbouring markets. Moreover, with growing domestic need and bans on imports, prospects for growth continue to be negligible.

Conclusions and recommendations:

It may be observed from the above that items which are primarily or partially produced for exports have greater prospects for growth than those classified under ad hoc exports and primarily intended for domestic use. Thus, exports of cotton linters will continue growing until such a time when absorptive capacity improves and internal processing is further developed. With respect to pickled sheepskins, once the plans to utilize them as inputs in manufacturing finished products are implemented, there will be less surpluses available for exports. Aluminium fluoride will be entirely exported due to limited absorptive capacity domestically. Exports of dehydrated onions, cotton yarn and cotton greycloth, fertilizers, cement, lead pencils, ballpoint pens, glass products; electric transformers, and electric generators appear to be the more promising. Exports of canned food, underwear, wool carpets, woollen and synthetic fabrics and paints are likely to continue to fluctuate depending on the availability of surplus of production over local consumption. The export of a number of goods whose production relies more on local inputs and cheap labour, where value added is substantial such as base-metal products and plastic greenhouses, or where production tends to exceed sales like electric bulbs, tyres and electric cables, might emerge in response to demand in export outlets and with the introduction of proper marketing techniques.

The expansion in production of other products like vegetable oils, mineral water, detergents, pharmaceuticals, paper and pulp, plastic and rubber articles, building materials (asbestos and porcelain tiles), iron and steel pipes and bars, sanitary and tissue paper and aluminium shapes, will be mostly directed to satisfying the increasingly growing local demand rather than for export purposes. The accumulation of stocks in the case of "luxury" items (television sets, refrigerators, ovens and gas ranges), points to the acute marketing problems faced.

Notwithstanding generally high costs of production and inferior quality of quite a few of the goods produced which reduces competitiveness in foreign markets, the presence of similar products in neighbouring Arab countries, whether produced locally and therefore protected, or imported but sold at cheaper prices, lowers demand and makes access into these markets more difficult thereby limiting their potential for export growth. This is

particularly important since the neighbouring countries constitute a natural export outlet for Syrian goods.

Consequently, what is of primary importance at this stage, is the location of potential export outlets for the promising products, in order to reduce the dependence (and vulnerability) on politically-motivated and, therefore, volatile and unstable ones. In the case of cotton fabrics, which are viewed as "sensitive" products in the markets of developed countries, the competent authorities should seriously consider the possibility of the Syrian Arab Republic becoming a party to the Multi-Fibre Arrangement (MFA) in order to enhance access opportunities into the Western European markets and improve the ability to penetrate other potentially interested markets.

Another priority area lies in solving production-related problems, like securing sufficient supplies of agricultural raw materials for food processing plants 1/ and regular supplies of spares and components for machinery and facilities. Recurrent power failures and persistent technical difficulties in running the facilities should be minimized in order to improve capacity utilization and raise productivity. Notwithstanding overstaffing in some General Organizations, manpower training and recruitment of qualified technicians represent additional obstacles to better performance and productivity. The introduction of a production incentives scheme on a larger and more comprehensive scale ought to be seriously considered. Currently, only a few producing units have such a system.

The introduction of export promotion instruments like an export incentives scheme 2/, the application of a fairer system of pricing and a more realistic foreign exchange rate (which currently is a real disincentive) should be given due consideration. The State-imposed and stabilized pricing system should be

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1/ At times, it may be worthwhile to import agricultural raw materials in short supply during one season in order to use efficiently the installed productive capacity and to produce sufficiently for local consumption and exports; thus, maintain a foot-hold in traditional export outlets.

2/ The cotton textiles export subsidy scheme appears to be the only tangible export incentive in the Syrian trade regime. In addition, cotton textiles exports benefit from a moderate price of ginned cotton below world market prices.

reviewed with a view to lowering the production costs and rendering the products more saleable and competitive in export markets. Financial and tax regulations should also be reviewed in order to provide backstopping to manufacturing activities 1/ and to promote exports. For example, producing units are obliged to pay revenue taxes, surtaxes on agricultural production, taxes on real estate (construction of industrial plants), contribute to the Treasury Fund for Adjusting Prices; while delays occur in reimbursement of import tariffs and duties as well as in export requirements (viz. establishing lines of credit for import needs and securing foreign exchange).

Transportation procedures should also be reviewed with a view to facilitating surface arrangements, formalities and procedures (viz. improving the functioning of the public office which arranges transport of vehicles by turn); reducing costs and eliminating delays in shipment of exports.

Last but not least, highest priority ought to be given to undertaking research and development activities to improve the quality of products for export markets, and the role of the Standardization and Metrology Organization should be enhanced. Marketing research should be intensified to monitor developments in export outlets and keep abreast with changing tastes and requirements; the role of the External Trade Centre, in this respect, should be dynamic. Furthermore, increasing the participation in international trade fairs should be encouraged.

1/ Products of the Electronics Company which is attached to the Engineering Industries Organization are fully exempted from income taxes. This, in addition to selling their products at high prices, explains the exceptionally high profits recorded by this Company, while others have been incurring losses or very modest profits.

ANNEX TABLES

Annex Table A-1. LIST OF COMPANIES BELONGING TO GENERAL ORGANIZATIONS

General Organizations for Food Industries

1. Syrian Company for Vegetable Oil
2. General Company for Hama Oil
3. Arab Company for Vegetable Oil
4. New Company for Canning - Damascus
5. Syrian Company for Canning - Mzeiribe
6. Coast Company for Canning - Jableh
7. General Company for Canning - Idlib (1982)
8. Fourat Company for Canning - Mayadine (1982)
9. Al-Jazirah Company for Canning -Hasaka (1982)
10. Orient Company for Food Products - Aleppo
11. Syrian Company for Biscuits and Chocolates
12. Damascus Company for Food Products
13. Yarmouk Company for Macaroni
14. Arab Company for Dairy Products - Damascus
15. Homs Dairy Products Company
16. Arab Company for Distillation of Grapes - Sweida
17. Homs Company for Distillation of Grapes
18. Dehydrated Onions and Vegetables Company in Salmiyeh
19. Groundnuts Company in Tartous
20. Barada Company for Beer
21. Boukkein Water Plant (1980-81)
22. Dreikishe Water Plant (1980-81)

Total: 20 companies + 2 plants

During 1980-1984, 3 companies and 2 plants were set up:

3 canned food plants: Idlib (1982), Mayadine (1982), Hasaka (1982)

2 water plants: Boukkein (1980-81) and Dreikishe (1980-81)

Annex Table A-1. cont'd.

General Organization for Textile Industries

1. United Commercial Industrial Company - (Al-Khumasiyah) - Damascus
2. United Arabic Industrial Company (Al-Debs) - Damascus
3. General Weaving and Spinning Company - Damascus
4. New Industries Company - Damascus
5. Orient Company for Underwear
6. Industrial Company for Nylon Threads and Hosiery - Damascus
7. General Company for Machine-Made Carpets
8. Zanoubia Company for Outergarments
9. Homs Company for Spinning and Weaving
10. Al-Waleed Company for Yarn
11. Hama Company for Cotton Yarn
12. General Company for Wool
13. Syrian Company for Spinning and Weaving
14. National Company for Spinning and Weaving (Aleppo)
15. Al-Shahba'a Company for Spinning and Weaving (Aleppo)
16. Aleppo Company for Silk Fabrics (Aleppo)
17. Arab Company for Underwear
18. Industrial Company for Outergarments
19. Fourat Company for Spinning
20. Jableh Company for Spinning
21. Idlib Company for Spinning (1982)
22. Lattakia Weaving and Fabrics Company (1983)
23. Dreikishe Company for Silk Fabrics (1983)
24. Hasaka Company for Spinning (1983)

Total: 24 companies

During 1980-1984, 4 new companies were established:
Two Spinning Companies: Idlib (1982), Hasaka (1983)
One Weaving Company: Lattakia (1983)
One Silk Fabrics Company: Dreikishe (1983)

Annex Table A-1. cont'd.

General Organization for Chemical Industries

1. Syrian General Company for Glass Products and Ceramics (Damascus)
2. General Company for Tanning (Damascus)
3. Arab Pharmaceuticals Company (Damascus)
4. General Company for Paints and Chemical Industries (Damascus)
5. General Company for Chemical Detergents (Adra)
6. General Company for Plastic Products (Aleppo)
7. Arab Company for Plastic, Leather and Rubber Products (Aleppo)
8. General Company for Fertilizers (Kalentro) (Homs)
9. Glass Products Industry (Aleppo)
10. General Company for Footwear (Damascus)
11. General Company for Tyres (Hama) (1981)
12. General Company for Paper and Pulp (Deir-Iz-Zur) (1982)
13. National Company for Plastic Products (Damascus)

Projects

(i) Tanning Project (Aleppo)
(ii) Ammonia and Urea Project in Homs (1981)
(iii) Triple Superphosphates Project in Homs (1981)
(iv) Electric Bulbs Project in Aleppo (1982)

Total: 13 companies and 4 major projects

During 1980-1984, 2 companies and 3 projects were established:
Tyres Company in Hama (1981)
Paper and Pulp Company in Deir-Iz-Zur (1982)
Fertilizers Projects: Triple Superphosphates (TSP)
Ammonia and Urea in Homs (1981)
Electric Bulbs Project in Aleppo (1982)

Annex Table A-1. cont'd.

General Organization for Cement and Building Materials

1. National Company for Cement and Asbestos (Dommar/Damascus)
   2 plants: one for cement and one for asbestos tubes
2. Adra Company for Cement (Adra)
   2 plants: Adra (1) + Adra (2) [1983]
3. Rastan Company for Cement (Homs) (one plant)
4. Syrian Company for Cement (Hama)
   2 plants: Old Hama and New Hama
5. Syrian Company for Porcelain and Sanitary-Ware (Hama)
   3 plants: Old Porcelain, New Porcelain and Sanitary-Ware
6. Aleppo Company for Asbestos-Amiante (Aleppo) (one plant)
7. Shahba'a Company for Cement (Aleppo)
   4 plants: Sheikh Saiid, Bourj Islam, Maslamiyah 1, Maslamiyah 2 (1982)
8. Arab Company for Cement (Aleppo) (1981)
9. Tartous Company for Cement Industries (Tartous)
   2 plants: Tartous 1 (1983) and Tartous 2 (1983-84)

Total: 9 companies operating 18 plants (13 for cement, two for asbestos, two for porcelain tiles and one for sanitary-ware)

During 1980-1984, 5 new cement factories were erected:

Aleppo No. 3 (1981)
Maslamiyah No. 2 (1982)
Adra No. 2 (1983)
Tartous No. 1 (1983)
Tartous No. 2 (1983-84)

Annex Table A-1. cont'd.

General Organization for Engineering Industries

1. General Company for Metal Industries - Barada (refrigerators, gas cookers, ovens, pressure cookers) (Damascus)
2. Arab-Syrian Company for Electronic Industries - Nasr (TV sets, telephones and switchbaords) (Damascus)
3. General Company for Manufacturing Industries (sanitary and tissue paper) (Damascus)
4. The Metal Constructions Company (car chassis, bus assembly, boilers, reservoirs) (Homs, Damascus, Adra)
5. General Company for Matches and Compressed Wood (matches and lead pencils) (Lattakia)
6. General Company for Iron and Steel Products (bars, billets and pipes) (Hama)
7. Syrian Company for Liquid Batteries and Liquified Gases (Aleppo)
8. Arab Company for Wood Industries (Panolatteh, Plywood, etc.) (Lattakia)
9. General Company for Electric Generators and Transformers(Damascus)
10. General Company for Aluminium Shapes (Lattakia)
11. General Company for Electric Cables (Damascus) (1979)
12. Aleppo Company for Electric Cables (1981)

Total: 12 companies with multiplants

During 1980-1984, one company was established for electric cables in Aleppo (1981)

Annex Table A-2. Production of Selected Items by the General Organizations: Relative Importance (Values, 1983), and Average Annual Compound Rates of Growth (Real Output, 1980-1984) (arranged in descending order of magnitude of growth in 1984, in per cent)

Description of Products	1983 Weight	1980-1983	1983-1984	1980-1984	Description of Products	1983 Weight	1980-1983	1983-1984	1980-1984
Electric generators	0.3	8.2	123.0	29.5	Iron bars	3.3	1.7	-0.1	1.2
Arak	0.8 a/	16.2	111.8	35.0	Woollen fabrics	2.1	11.7	-0.3	8.8
Mineral water	...	2.0	103.9	21.0	Shoes, rubber & sports	0.4	-4.7	-0.3	-3.7
Wine	a/	30.0	97.8	44.5	Vegetable oil	2.5	5.6	-0.7	4.0
Synthetic yarn	0.6	4.5	69.5	17.9	Fertilizers, nitrogenous	1.4	32.5	-2.2	23.0
Electric transformers	0.1	-12.9	43.9	-1.3	Underwear	1.4	4.4	-2.4	2.6
Telephone apparatus	0.2	6.2	42.0	14.2	Cotton linters	0.2	8.3	-3.2	5.3
Porcelain tiles	0.4	11.4	40.9	18.1	Tissue paper	1.2	25.5	-6.8	16.7
Glass & ceramics	2.0	0.6	40.0	9.2	Cotton fabrics	9.4	10.6	-7.1	5.9
Dehydrated onions	0.2	5.1	35.5	12.0	Wool yarn	0.9	7.8	-8.8	3.4
Margarine	2.3 b/	-1.0	29.3	5.8	Cotton yarn	8.1	21.5	-9.2	13.2
Fertilizers, phosphatic	7.3	43.0	25.7	38.5	Biscuits	0.8	7.0	-9.9	2.5
Tanned hides & soles	1.1 c/	-3.9	20.2	1.6	Detergents	1.4	60.0	-10.1	50.5
Aluminium shapes	0.7	25.0	19.8	23.5	Lead pencils	0.2	21.0	-15.1	10.6
Pasteurized milk	b/	9.6	19.7	12.1	Sanitary ware	0.3	-3.8	-16.3	-8.0
Asbestos tubes & sheets	0.7	-9.4	19.4	-5.2	Paints	1.2	36.0	-16.9	20.0
Cotton cake	1.6	8.1	19.1	10.8	Electric cables	3.7	14.9	-18.9	5.3
Groundnuts	0.3	-6.7	18.4	-1.0	Refrigerators	2.8	-2.0	-20.1	-6.8
Yoghurt	b/	7.2	16.7	9.5	Metal pipes	1.2	12.1	-24.5	1.5
Cement	16.8	23.0	15.1	21.0	Matches	0.4	13.8	-25.8	1.7
Carpets, wool	1.2	16.0	12.1	8.3	Carpets, silk	0.2	-12.5	-27.1	-16.4
Alcohol	...	2.7	12.1	5.0	Compressed wood	0.8 d/	6.1	-27.4	-3.5
Macaroni	0.1	3.8	10.9	5.5	Wood, panolatteh	d/	-4.8	-31.2	-12.2
Beer	0.8	3.5	9.5	4.9	Metal base containers	0.7	11.4	-33.2	-1.9
Batteries, liquid	0.4	10.8	6.2	9.6	Ovens & gas cookers	0.2	13.1	-33.8	-1.1
Pharmaceuticals	1.7	27.5	5.3	21.5	Plywood	d/	6.3	-34.1	-5.7
Tanned leather	c/	3.8	3.9	3.9	Television sets	2.0	-12.2	-35.7	-18.8
Cardboard	0.4	5.5	3.2	4.9	Cooking utensils	0.1	18.0	-37.2	0.8
Hosiery	0.2	7.8	3.1	6.6	Canned food	1.9	41.5	-40.4	14.0
					Butter	b/	16.8	-49.0	-5.1
Total (A)	40.2				Total (B)	48.8			

Source: Compiled and computed by the ESCWA Secretariat from Syrian Arab Republic, Statistical Abstract, 1985; and General Organizations (various reports).

a/ Includes arak and wine
b/ All dairy products are included with margarine (i.e. yoghurt, butter, pasteurized milk)
c/ Includes tanned hides, soles and leather
d/ Includes all wood and products

Note: Weights (relative importance) are based on combined value of production for the five General Organization which in 1983 totalled LS 6361.1 million. The commodities listed above represent 89 per cent of that total. Average annual compound rates of growth are based on terminal years.

Annex Table A-3. General Organizations: Distribution of Actual Investment Expenditures, 1980-1984

General Organizations		Investment Allocations	Actual Investment (Thousand Syrian Pounds) Total	Equipment	Bldg. & Constructions*	Lands	Other Expenditures*	Percentage Distribution Total	Equipment	Bldg. & Construction	Lands	Other Expenditures
Food	1980	45224	38637	22029	13908	866	1834	100.0	57.0	35.9	2.2	4.8
	1981	51100	16192	9165	4161	620	456	100.0	56.6	25.7	3.8	2.8
	1982	58029	39755	18434	16872	423	4026	100.0	46.4	42.2	1.1	10.1
	1983	62830	19027	12921	5650	456	-	100.0	67.9	29.7	2.4	-
	1984	109732	31454	27143	4214	97	-	100.0	86.3	13.4	0.3	-
Textiles	1980	200000	85173	25968	48094	1435	9676	100.0	30.5	56.5	1.7	11.4
	1981	255500	110708	63843	33387	617	12861	100.0	57.7	30.2	0.6	11.6
	1982	252214	159438	105416	30435	-	23587	100.0	66.1	19.1	--	14.8
	1983	300000	103288	68115	22619	244	12310	100.0	65.9	21.9	0.2	11.9
	1984	234654	21248	10465	9192	-	1591	100.0	49.2	43.3	-	7.5
Chemicals	1980	411949	265695	125727	39915	871	99182	100.0	47.3	15.0	0.3	37.3
	1981	338500	324904	60648	26286	1438	238122	100.0	18.7	8.1	0.4	73.3
	1982	265427	529960	57726	20844	--	451390	100.0	10.9	3.9	-	85.2
	1983	223753	79166	48654	10809	4362	15341	100.0	61.5	13.6	5.5	19.4
	1984	160906	23952	11505	9770	2444	233	100.0	48.0	40.8	10.2	1.0
Cement	1980	580371	307461	143942	121727	1	41791	100.0	46.8	39.6	0.0	13.6
	1981	438300	339116	165960	136988	96	36072	100.0	48.9	40.4	0.03	10.6
	1982	365858	235270	92668	113912	--	28690	100.0	39.4	48.4	-	12.2
	1983	285000	142665	58026	47376	1592	35671	100.0	40.7	33.2	1.1	25.0
	1984	280475	129725	90530	24716	8522	5957	100.0	69.8	19.0	6.6	4.6
Engineering	1980	81631	56195	29945	19048	1776	5426	100.0	53.3	33.9	3.2	9.7
	1981	5000	4963	975	3988	-	-	100.0	19.6	80.4	-	--
	1982	88650	33964	16142	17360	100	362	100.0	47.5	51.1	0.3	1.1
	1983	87220	26920	10238	15481	1206	-	100.0	38.0	57.5	4.5	-
	1984	125475	18836	6306	11000	1480	50	100.0	33.5	58.4	7.9	0.3
Total	1980	1319175	753161	347611	242692	4949	157909	100.0	46.2	32.2	0.7	20.9
	1981	1088400	795883	300591	204810	2771	287511	100.0	37.8	25.7	0.4	36.1
	1982	1030178	998387	290386	199423	523	508055	100.0	29.1	19.9	0.1	50.9
	1983	958803	371066	197954	101935	7860	63322	100.0	53.3	27.5	2.1	17.1
	1984	911242	225215	145949	58892	12543	7831	100.0	64.8	26.2	5.6	3.5

Source: Syrian Arab Republic, Statistical Abstract (various issues); compiled and computed by ESCWA secretariat.

* Includes establishment expenses and trial runs, as well as administrative expenses and salaries and wages.

Annex Table A-4. Production, Sales and Exports of Selected* Items Produced by General Organizations

Units	Description	Quantities						Values (Thousand Syrian Pounds)					Percentage Shares			
			Sales			Exports as % of			Sales			Exports as % of		Sales		
		Production	Total	Domestic	Exports	Sales	Stocks	Production	Total	Domestic	Exports	Sales	Production	Total	Domestic	Exports
General Organization for Food Industries								830935	742502	718098	24404	3.3	100.0	100.0	100.0	100.0
Tons	Cotton linters	18638	17191	100	17091	99.4	1447	14258	13158	75	13083	99.4	1.7	1.8	0.0	53.6
Tons	Canned food	15853	9917	9768	149	1.5	5936	122033	75938	74555	1383	1.8	14.7	9.4	9.6	5.7
Tons	Dehydrated onions	1092	957	24	933	97.5	135	10741	9405	318	9087	96.6	1.3	1.3	0.0	37.2
Tons	Groundnuts	2388	2657	2475	182	6.8	-	15822	20556	19705	851	4.1	2.3	2.8	2.7	3.5
Tons	Biscuits	8394	8403	8403	-	-	-	50483	50544	50544	-	-	6.1	6.8	7.0	-
000 Btls	Mineral water	12456	12456	3122	9334	74.9	-	...	...	...	6016	...	...	...	...	
000 Ltrs.	Alcoholic beverages1/	5634	2123	2123	-	-	3511	67760	37446	37446	-	-	8.2	5.0	5.2	-
General Organization for Textile Industries								1743826	1856076	1422211	363865	19.6	100.0	100.0	100.0	100.0
Tons	Cotton yarn	28698	34927	24390	10537	30.2	-	500046	590379	422520	167859	28.4	28.8	31.8	28.3	46.1
Tons	Cotton fabrics	18758	18731	15277	3454	18.4	-	597825	575117	469457	105660	18.4	34.5	31.0	31.5	29.0
Tons	Woollen fabrics	1061	1147	862	285	24.8	-	91090	95987	73977	22010	22.9	5.2	5.2	5.0	6.0
Tons	Synthetic fabrics	533	553	160	393	71.1	-	23302	26283	5384	20899	79.5	1.3	1.4	0.4	5.7
Dozens	Hosiery	257691	247985	245385	2600	1.0	9706	10199	9961	9808	153	1.5	0.6	0.5	0.7	0.0
M2	Carpets, wool	587608	574439	463018	111421	19.4	13169	78895	77987	63065	14922	19.1	4.6	4.2	4.2	4.1
M2	Carpets, silk	350043	376827	218427	158400	42.0	-	10252	10976	5946	5030	45.8	0.6	0.6	0.4	1.4
Dozen	Underwear	1408217	1263087	770427	492660	39.0	145130	90735	83175	58115	25060	30.0	5.2	4.5	3.9	6.9
Units	Outergarments	1386257	1791992	1765073	26919	1.5	-	79409	146982	145232	1750	1.2	4.6	7.9	9.7	0.5
Tons	Other fibres	1935	1968	1912	56	2.8	-	3643	14554	14432	122	0.8	0.2	0.8	1.0	0.0
General Organization for Chemical Industries								1420166	1304132	1251640	54138	4.2	100.0	100.0	100.0	100.0
Tons	Fertilizers,phosph.	115991	116836	101134	15702	13.4	-	111304	110994	97963	13031	11.7	7.8	8.5	7.8	24.1
Tons	Urea & ammonia	198106	156545	153869	2676	1.7	41561	342516	271771	267125	4646	1.7	24.1	20.8	21.3	8.6
Tons	Aluminium fluoride	336	350	-	850	100.0	-	1320	2504	-	2504	100.0	0.1	0.2	-	4.6
Tons	Glass products	38047	36554	33352	3202	8.8	1493	97087	88084	82401	5683	6.4	6.8	6.8	6.6	10.5
000 Units	Ballpoint pens	12685	12685	6685	6000	47.3	-	2973	2918	1078	1840	63.1	0.2	0.2	0.1	3.4
000 Pairs	Shoes, leather (men)	852	921	843	78	8.5	-	70893	73807	73458	349	0.5	5.0	5.7	5.9	0.6
Ton	Detergents	15591	16232	14180	2052	12.6	-	91825	101748	88209	12539	12.3	6.5	7.8	7.0	23.2
Tons	Paints (oil)	727	793	572	221	27.9	-	33748	36389	28094	8295	22.8	2.4	2.8	2.2	15.3
000 Pairs	Shoes, sports	511	535	485	50	9.3	-	7839	8478	7003	1475	17.4	0.6	0.6	0.6	2.7
000 Units	Pickled sheepskins	435	120	-	120	100.0	315	10448	3776	-	3776	100.0	0.7	0.3	-	7.0
Units	Tyres	651164	390463	390463	-	-	224701	142066	115866	115866	..	..	10.0	8.9	9.3	-
000 Units	Electric bulbs	8341	5081	5081	-	-	3260	23323	17862	17862	-	-	1.6	1.4	1.4	..

Annex Table A 4. cont'd.

Units	Description	Quantities: Production	Quantities: Sales: Total	Quantities: Sales: Domestic	Quantities: Sales: Exports	Quantities: Exports as % of Sales	Quantities: Stocks	Values (Thousand Syrian Pounds): Production	Values: Sales: Total	Values: Sales: Domestic	Values: Sales: Exports	Values: Exports as % of Sales	Percentage Shares: Production	Percentage Shares: Sales: Total	Percentage Shares: Sales: Domestic	Percentage Shares: Sales: Exports
General Organization for Cement & Building Materials								1162118	1152714	1152714	-	-	100.0	100.0	100.0	-
Tons	Cement	3625869	3602419	3602419	..	-	23450	1069236	1061295	1061295	-	-	92.0	92.1	92.1	-
Units	Sanitary ware	453298	425274	425274	-	-	28024	28600	27393	27393	..	..	2.5	2.4	2.4	-
General Organization for Engineering Industries								1213103	1234885	1209043	25842	2.1	100.0	100.0	100.0	100.0
Units	TV sets (coloured)	34290	33147	28142	5005	15.1	1143	108665	101703	89732	11971	11.8	9.0	8.2	7.4	46.3
Units	Telephones	31145	30765	30265	500	1.6	380	6785	6775	6690	85	1.3	0.6	0.5	0.6	0.3
Units	Refrigerators	119345	112564	112064	500	0.4	6781	178588	168259	167662	597	0.4	14.7	13.6	13.9	2.3
Units	Pressure cookers	..	47133	42133	5000	10.6	..	..	4878	4273	605	12.0	..	0.4	0.4	2.3
Units	Ovens & gas cookers	35979	33160	32560	600	1.8	2819	14455	14314	14104	210	1.5	1.2	1.2	1.2	0.8
Units	Cooking utensils	25100	17430	16439	1000	5.7	7670	5147	3780	3591	189	5.8	0.4	0.3	0.3	0.7
Units	Electric transformers	622830	1726286	726286	1000000	57.9	..	7124	10741	6737	4004	37.3	0.6	0.9	0.6	15.5
Units	Electric generators	90718	108211	108211	-	-	-	20416	22931	22931	-	-	1.7	1.9	1.9	-
Units	Electric cables	13813	13806	13806	..	-	7	237075	257741	257741	..	..	19.5	20.9	21.3	-
Dozens	Lead pencils	324408	436748	97548	339200	77.7	-	10455	11294	3129	8165	72.3	0.9	0.9	0.3	31.6
Tons	Metal constructions	4355	4186	4186	-	..	169	27218	25203	25203	-	..	2.2	2.0	2.1	..
Units	Plastic greenhouses	9	..	..	..	..	9	131	..	..	-	-	0.0	-	..	..

Source: Compiled and computed by the ESCWA Secretariat from Central Bureau of Statistics, Bulletin for Production and Sales of Industrial Public Sector, 1983 (in Arabic).

1/ Includes arak, wine and other beverages and excludes beer.

* Actual or potential exports.

Annex Table A-5. General Organizations: Value and Commodity Composition of Production, Sales and Exports, 1983

	Units	Quantities				Values (Thousand Syrian Pounds)				Percentage Shares			
		Production	Sales			Production	Sales			Production	Sales		
			Total	Domestic	Exports		Total	Domestic	Exports		Total	Domestic	Exports
Food						830935	742502	718098	24404	13.1	11.8	12.3	5.2
Vegetable oil*	tons	27944	26057	26057	-	160789	150552	150552	-	2.5	2.4	2.6	-
Cotton cake	tons	139856	140812	140812	-	101836	102342	102342	-	1.6	1.6	1.8	-
Cotton linters*	tons	18638	17191	100	17091	14258	13158	75	13083	0.2	0.2	0.0	2.8
Soap*	tons	7438	7328	7328	-	30423	30484	30484	-	0.5	0.5	0.5	-
Canned food and products*	tons	15853	9917	9768	149	122,033	75938	74555	1383	1.9	1.2	1.3	0.3
Dairy products	tons	33942	34100	34100	-	148817	152128	152128	-	2.3	2.4	2.6	-
Biscuits	tons	8394	8403	8403	-	50483	50544	50544	-	0.8	0.8	0.9	-
Chocolates & sweets	tons	646	671	671	-	6886	7136	7136	-	0.1	0.1	0.1	-
Beer*	000 ltrs	8080	8034	8034	-	52817	52518	52518	-	0.8	0.8	0.9	-
Wine and arak*	000 ltrs	3475	1960	1960	-	50731	34981	34981	-	0.8	0.6	0.6	-
Other alcoholic beverages*	000 ltrs	7224	163	163	-	17029	2465	2465	-	0.3	0.04	0.04	-
Dehydrated onions*	tons	1092	957	24	933	10741	9405	318	9087	0.2	0.2	0.0	1.9
Groundnuts	tons	2388	2656	2475	181	18822	20556	19705	851	0.3	0.3	0.3	0.2
Macaroni*	tons	3123	3027	3027	-	5506	5310	5310	-	0.1	0.1	0.1	-
Metal tin cans	000 units	15860	15860	15860	-	15710	15710	15710	-	0.2	0.2	0.3	-
Textiles						1734826	1856076	1492211	363865	27.3	29.5	25.6	77.7
Cotton yarn (bleached, dyed)	tons	29318	35351	24814	10537	513098	599524	431665	167859	8.1	9.5	7.4	35.8
Cotton fabrics*	tons	18758	18731	15277	3454	597825	575117	469457	105660	9.4	9.1	8.1	22.6
Woollen yarn	tons	1358	1437	1437	-	60009	64257	64257	-	0.9	1.0	1.1	-
Synthetic yarn	tons	1455	1451	1451	-	35684	36220	36220	-	0.6	0.6	0.6	-
Woollen fabrics*	tons	1578	1468	1183	285	133436	120365	98355	22010	2.1	1.9	1.7	4.7
Synthetic fabrics	tons	592	612	219	393	25531	28512	7613	10899	0.4	0.4	0.1	4.5
Nylon threads	tons	1337	1338	1338	-	33471	33509	33509	-	0.5	0.5	0.6	-
Hosiery*	dozens	257691	247985	245385	2600	10199	9961	9808	153	0.2	0.2	0.2	0.03
Carpets, wool*	m2	587608	574439	463018	111421	78895	77987	63065	14922	1.2	1.2	1.1	3.2
Carpets, silk	m2	350043	376827	218427	158400	10252	10976	5946	5030	0.2	0.2	0.1	1.1
Underwear*	dozens	1408217	1263087	770427	492660	90735	83175	58115	25060	1.4	1.3	1.0	5.4
Outergarments	dozens	130160	162737	160494	2243	87782	155080	153330	1750	1.4	2.5	2.6	0.4
Threads of cotton & wool*	tons	4835	4755	4699	56	32844	21367	21245	122	0.5	0.1	0.1	0.03
Chemicals						1420166	1304132	1251640	54138	22.3	20.7	21.5	11.6
Fertilizers, nitrogenous*	tons	112682	112049	112049	-	90146	89639	89639	-	1.4	1.4	1.5	-
Fertilizers, phosphatic a/*	tons	323843	277639	258411	19228	464080	388506	368325	20181	7.3	6.2	6.3	4.3
Glass products & ceramics*	tons	41136	39707	36505	3202	126264	118232	112549	5683	2.0	1.9	1.9	1.2
Ballpoint pens	000 units	12685	12685	6685	6000	2973	2918	1078	1840	0.05	0.05	0.02	0.4
Shoes,sports,rubber&plastic	000 units	2237	3239	2189	50	23104	23908	22433	1475	0.4	0.4	0.4	0.3
Rubber & plastic products*	tons	12467	1641	1641	-	21972	20602	20602	-	0.4	0.3	0.4	-
Tanned hides, skins & soles	m2	7187	7722	7722	-	69335	64560	64560	-	1.1	1.0	1.1	-
Pickled sheepskins*	000 units	435	120	-	120	10448	3776	-	3776	0.2	0.1	-	0.8
Footwear, leather	000 units	922	1030	952	78	73788	78257	77908	349	1.2	1.2	1.3	0.1

Annex Table A-5. cont'd.

	Units	Quantities: Production	Quantities: Sales: Total	Quantities: Sales: Domestic	Quantities: Sales: Exports	Values (Thousand Syrian Pounds): Production	Values: Sales: Total	Values: Sales: Domestic	Values: Sales: Exports	Percentage Shares: Production	Percentage Shares: Sales: Total	Percentage Shares: Sales: Domestic	Percentage Shares: Sales: Exports
Detergents	tons	16049	16644	14592	2052	91825	103817	91278	12539	1.4	1.6	1.6	2.7
Paints and varnishes	000 tons	730	795	574	221	73563	75095	66800	8295	1.2	1.2	1.2	1.8
Cardboard containers	tons	5356	5491	5491	-	24213	25396	25396	-	0.4	0.4	0.4	-
Electric bulbs*	000 units	8341	5081	5081	-	23323	17862	17862	-	0.4	0.3	0.3	-
Paper and pulp*	000 units	17326	13622	13622	-	65645	56928	56928	-	1.0	0.9	1.0	
Pharmaceuticals		...	...	...	-	105406	104709	104709	-	1.7	1.7	1.8	-
Tyres*	units	651164	390463	390463	-	142066	115866	115866	-	2.2	1.8	2.0	-
Plastic sheets greenhouses	tons	461	468	468	-	5170	5233	5233	-	0.1	0.1	0.1	-
Cement						1162118	1152714	1152714	-	18.3	18.3	19.8	-
Cement*	tons	3625869	3602419	3602419	-	1069236	1061295	1061295	-	16.8	16.9	18.2	-
Asbestos, tubes & sheets	tons	24283	24639	24639	-	41934	41547	41547	-	0.7	0.7	0.7	-
Porcelain tiles	000 units	22558	22594	22594	-	22348	22479	22479	-	0.4	0.4	0.4	-
Sanitary ware*	units	453298	425274	425274	-	28600	27393	27393	-	0.3	0.4	0.5	-
Engineering						1213103	1234885	1209043	25842	19.1	19.6	20.8	5.5
Iron bars & metal pipes*	tons	127295	127038	127038	-	284407	285143	285143	-	4.5	4.5	4.9	-
Television sets*	units	48766	42176	37171	5005	124590	111638	99667	11971	2.0	1.8	1.7	2.6
Telephones	units	56345	73231	72731	500	10564	13147	13062	85	0.2	0.2	0.2	0.02
Wood products*	m3	20492	19457	19457	-	52751	53151	53151	-	0.8	0.8	0.9	-
Electric generators	units	90718	108211	108211	-	20416	22931	22931	-	0.3	0.4	0.4	-
Electric transformers	units	622830	1726286	726286	1000000	7124	10741	6737	4004 b/	0.1	0.2	0.1	0.9
Batteries, liquid*	units	192975	171191	171191	-	22299	20218	20218	-	0.4	0.3	0.4	-
Refrigerators*	units	119345	112564	112064	500	178588	168259	167662	597	2.8	2.7	2.9	0.1
Ovens and gas ranges*	units	35979	33160	32560	600	14455	14314	14104	210	0.2	0.2	0.2	0.04
Aluminium shapes	units	2635	2842	2842	-	43898	48679	48679	-	0.7	0.8	0.8	-
Metal constructions*	-	...	...	...	-	41824	38967	38967	-	0.7	0.6	0.7	-
Plastic greenhouses*	units	9	-	-	-	131	-		-	0.0	-		-
Busses & micro-busses, etc.	units	48	53	53	-	13053	12273	12273	-	0.2	0.2	0.2	-
Tissue and sanitary paper	crates	677648	682499	682499	-	77864	78565	78565	-	1.2	1.2	1.4	-
Matches	000 boxes	3320	3113	3113	-	25185	26337	26337	-	0.4	0.4	0.4	-
Lead pencils	000 units	324408	436748	97548	339200	10455	11294	3129	8165	0.2	0.2	0.05	1.7
Electric cables*	tons	13813	13806	13806	-	237075	257741	257741	-	3.7	4.1	4.4	-
Pressure cookers	-	-	47133	42133	5000	-	4878	4273	605	-	0.1	0.1	0.1
Cooking utensils*	units	25100	18439	17439	1000	5147	3780	3591	189	0.1	0.1	0.1	0.04
COMBINED TOTAL c/						6361148	6290309	5823706	468249	100.0	100.0	100.0	100.0

Source: Compiled and computed by the ESCWA Secretariat from Central Bureau of Statistics, Bulletin for Production and Sales of Industrial Public Sector, 1983 (in Arabic).

a/ Includes ammonia, urea and other by-products like aluminium fluoride.

b/ The General Organization reports this as LS 10.5 million. The discrepancy between the two sources is due to valuation of exports for the same quantity exported: at the official rate or parallel market rate of exchange.

c/ The items listed above comprise 97.9 per cent of combined production, 97.6 per cent of sales, 97.5 per cent of domestic sales and 100 per cent of exports of the five General Organizations being reviewed.

* Indicates the existence of stocks (surplus of production over sales in quantity terms).

Annex Table A-6. General Organizations: Growth and Relative Importance of Exports, 1980-1984

	Values (000 LS)			Percentage Shares			Growth Rates (%)		
	1980	1983	1984	1980	1983	1984	1980-1983	1983-1984	1980-1984
General Organizations									
Food	24629	24404	51700*	100.0	100.0	100.0	-0.3	111.8	20.0
Cotton linters	9313	13083	36961	37.8	53.6	71.5	12.0	182.3	41.0
Canned food products	2510	1383	2863	10.2	5.7	5.5	-18.0	107.0	3.4
Groundnuts	4723	851	-	19.2	3.5	-	-44.0	(-)	(-)
Dehydrated onions	7458	9087	7408	30.3	37.2	14.3	6.8	-18.5	-0.2
Biscuits	625	-	-	2.5	-	-	(-)	-	-
Textiles	54360	363865	278978	100.0	100.0	100.0	90.0	-23.3	50.0
Cotton yarn	...	167859	116234	...	46.1	41.7	...	-30.8	...
Cotton fabrics	...	105660	85270	...	29.0	30.6	...	-19.3	...
Woollen fabrics	...	22010	35511**	...	6.0	12.7**	...	-17.2**	...
Synthetic fabrics	...	20899	...**	...	5.7	...**	...	...**	...
Hosiery	...	153	...	...	0.04	-	...	...	...
Carpets, wool	...	14922	-	...	4.1	-	...	(-)	...
Carpets, silk	...	5030	-	...	1.4	-	...	(-)	...
Underwear	...	25060	33214	...	6.9	11.9	...	32.5	...
Outergarments	...	1750	8749	...	0.5	3.1	...	399.9	...
Chemicals	23240	54138	51600*	100.0	100.0	100.0	32.5	-4.7	22.0
Fertilizers, phosphatic	-	20181	190	-	37.3	0.4	n.a.	-99.0	n.a.
Glass products	5107	5683	943	22.0	10.5	1.8	3.7	-83.4	-34.5
Pickled sheepskins	13070	3776	24280	56.2	7.0	47.0	-34.0	543.0	16.8
Detergents	-	12539	-	-	23.2	-	n.a.	(-)	-
Paints	-	8295	-	-	15.3	-	n.a.	(-)	-
Ballpoint pens	-	1840	1380	-	3.4	2.7	n.a.	-25.0	n.a.
Shoes, sports	5063	1475	-	21.8	2.7	-	-33.0	(-)	(-)
Shoes, leather	-	349	-	-	0.6	-	n.a.	(-)	-
Cement & Bldg. Materials	-	-	29500	-	-	100.0	-	n.a.	n.a.
Cement	-	-	29500	-	-	100.0	-	n.a.	n.a.

Annex Table A-6. cont'd.

	Values (000 LS)			Percentage Shares			Growth Rates (%)		
	1980	1983	1984	1980	1983	1984	1980-1983	1983-1984	1980-1984
Engineering	3834	25842	18666	100.0	100.0	100.0	90.0	-27.8	48.5
Televisions(coloured)	1197	11971	-	31.2	46.3	-	100.0	(-)	(-)
Refrigerators	1456	597	-	38.0	2.3	-	-26.0	(-)	(-)
Pressure cookers	109	605	-	2.8	2.3	-	80.0	(-)	(-)
Gas cookers and ovens	193	210	-	5.0	0.8	-	2.9	(-)	(-)
Electric transformers	801	4004 a/	-	20.9	15.5	94.9	70.0	(-)	(-)
Electric generators	-	-	17730	-	-	-	-	n.a.	n.a.
Lead pencils	-	8165	747	-	31.6	4.0	n.a.	-90.8	n.a.
Telephones	-	85	-	-	0.3	-	n.a.	(-)	(-)
Cooking utensils	78	189	189	0.2	0.7	1.0	34.0	0.0	24.5
Total	106063	468249	430444*				65.0	-8.1	42.0

Source: Compiled and computed by ESCWA Secretariat from: General Organizations (various reports); and Central Bureau of Statistics, Bulletin for Production and Sales of Industrial Public Sector, 1983 (in Arabic).

Notes: Average annual compound rates of growth are computed on the basis of terminal years. In growth rates: a dash in brackets (-) denotes the disappearance of the item exported; and (n.a.) indicates the emergence of the item exported.

* Preliminary estimates.

** Includes synthetic fabrics.

a/ For the same quantity of electric transformers exported, the value reported by the General Organization was LS 10,500 thousand. The difference is due to valuation (i.e. rate of foreign exchange applied).

Annex Table A-7. General Organizations: Ratio of Actual to Planned Production, Domestic Sales and Exports of Selected Commodities, 1983

(Per Cent)

	Production		Domestic Sales		Exports	
	Value	Quantity	Value	Quantity	Value	Quantity
General Organizations:						
Food	89.0	-	89.0	-	31.0	-
Tomato paste	81.0	81.0	40.0	40.0	1.0	1.0
Dehydrated onions	56.0	66.0	147.0	147.0	48.0	57.0
Groundnuts (unshelled)	130.0	83.0	116.0	122.0	6.0	7.0
Cotton linters	115.0	123.0	100.0	100.0	89.0	106.0
Canned food products	60.0	60.0	60.0	60.0	26.0	16.0
Chocolates	80.0	84.0	112.0	106.0	-	-
Groundnuts (shelled)	38.0	37.0	152.0	-	-	-
Apricot jam	63.0	65.0	48.0	50.0	15.0	15.0
Textiles	77.0	-	82.0	-	107.0	-
Cotton yarn	58.0	58.0	65.0	65.0	97.0	100.0
Cotton fabrics, greycloth	99.0	87.0	89.0	35.0	304.0	282.0
Outergarments	79.0	73.0	124.0	125.0	8.0	5.0
Underwear	84.0	85.0	72.0	68.0	66.0	66.0
Carpets, wool	188.0	182.0	152.0	145.0	58.0	60.0
Carpets, silk	54.0	54.0	36.0	39.0	105.0	99.0
Cotton fabrics, other	61.0	58.0	54.0	54.0	100.0	100.0
Chemicals	67.0	-	75.0	-	18.0	-
Fertilizers, nitrogenous	102.0	102.0	97.0	97.0	-	-
Fertilizers, phosphatic	62.0	75.0	92.0	86.0	10.0	...
Glass products	66.0	52.0	67.0	57.0	9.0	11.0
Shoes, leather	65.0	46.0	73.0	50.0	6.0	...
Shoes, rubber,sports & plastic	92.0	93.0	89.0	91.0	...	...
Pickled sheepskins	45.0	60.0	-	-	17.0	...
Paints	91.0	93.0	83.0	87.0	...	...
Tanned leather	146.0	114.0	157.0	119.0	-	-
Ballpoint pens	126.0	115.0	...	...	...	...
Electric bulbs	103.0	100.0	100.0	100.0	-	-
Tyres	65.0	57.0	54.0	37.0	...	...
Detergents	90.0	96.0	81.0	65.0	19.0	17.0
Plastic sheets for greenhouses	93.0	92.0	95.0	94.0	-	-
Paper & Pulp	27.0	27.0	26.0	28.0	-	-
Cement	97.0	-	96.0	-	No plans reported	
Cement	99.0	99.0	99.0	99.0		
Asbestos tubes & sheets	67.0	67.0	67.0	68.0		
Porcelain tiles	77.0	75.0	77.0	75.0		
Sanitary ware	94.0	102.0	90.0	95.0		

Annex Table A-7. cont'd.

	Production		Domestic Sales		Exports	
	Value	Quantity	Value	Quantity	Value	Quantity
Engineering	76.0	-	77.0	-	No plans	
Television sets (coloured)	62.0	62.0	52.0	51.0	reported	
Telephone apparatus	53.0	48.0	51.0	47.0		
Refrigerators	94.0	95.0	88.0	93.0		
Pressure cookers	-	-	109.0	108.0		
Gas cookers and ovens	96.0	89.0	97.0	90.0		
Electric generators	100.0	95.0	103.0	104.0		
Electric transformers	95.0	104.0	90.0	121.0		
Lead pencils	126.0	108.0	57.0	49.0		
Electric cables	94.0	91.0	98.0	90.0		
Metal constructions	109.0	118.0	95.0	104.0		
Boilers	73.0	-	106.0	123.0		
Wood products	78.0	78.0	79.0	79.0		
Tissue paper & products	76.0	76.0	77.0	76.0		
Iron & steel pipes, bars & billets	63.0	65.0	64.0	64.0		
Aluminium shapes	112.0	110.0	124.0	118.0		

Source: Compiled and computed by ESCWA secretariat from Central Bureau of Statistics, Bulletin for Production and Sales of Industrial Public Sector, 1983 (October 1984), in Arabic.

Annex Table A-8. Regional Distribution of the Companies Belonging to the General Organizations
(Numbers)

Location	Food	Textiles	Chemicals	Cement	Engineering	Total*
Damascus	6	10	6	1 (2)	6 a/	30
Aleppo	2	4	5 b/	3 (6) c/	2 c/	19
Homs	2	3	3 c/	1 (1)	1 a/	10
Hama	1	2	1 c/	2 (5)	1	10
Lattakia d/	1 e/	1 f/	--	--	3	5
Tartous	1 e/	--	--	1 (2) f/g/	--	3
Salmiyeh	1	--	--	--	--	1
Jableh	1	1	--	--	--	2
Idlib	1 b/	1 b/	--	--	--	2
Hasaka	1 b/	1 f/	--	--	--	2
Mayadine	1 b/	--	--	--	--	1
Sweida	1	--	--	--	--	1
Mzeiribe	1	--	--	--	--	1
Boukkein	1 c/	--	--	--	--	1
Dreikishe	1 c/	1 f/	--	--	--	2
Deir-Iz-Zur	--	--	1 b/	--	--	1
Yarmouk	1	--	--	--	--	1
Adra	--	--	1	1 (2) f/	--	3
Total:						
Companies	20	24	13	9 (18) h/	12	78
Plants	2	--	--	--	--	2
Projects	--	--	4	--	--	4
Erected during 1980-1984:						
Companies	3	4	2	--	1	10
Plants	2	--	--	5	--	7
Projects	--	--	3	--	--	3

Source: General Organizations (various reports); compiled by ESCWA Secretariat.

*Totals may add up to more than 78 companies, 2 plants and 4 projects because some companies have multiplants in more than one location.

a/ The Metal Constructions Company has two assembly units (one in Homs and one in Damascus).

b/ The last plant was set up in 1982.

c/ The last plant was set up in 1981.

d/ The Lattakia Oil Company which has been liquidated in 1981-1982 is not included.

e/ The Groundnuts Company has two plants (one in Lattakia and one in Tartous).

f/ The last plant was set up in 1983.

g/ The last plant was set up in 1984.

h/ Nine companies managing 18 plants: 13 for cement, 2 for asbestos tubes and sheets, 2 for porcelain tiles and one for sanitary-ware.

Annex Table A-9. General Organizations: Aggregate Value of Production, 1980-1984

	Values (Thousand Syrian Pounds)					Growth Rates (%)		
	1980	1981	1982	1983	1984	1980-1983	1983-1984	1980-1984
General Organizations								
Food	411552	557765	709319	830935	1172778*	26.5	41.1	30.0
Textiles	942002	1267977	1538520	1734826	2056454	22.5	18.5	21.0
Chemicals	334103	622227	1046589	1420166	1914942*	62.0	34.8	50.0
Cement	398293	584421	877488	1162118	1459191	43.0	25.6	38.0
Engineering	988884	1131905	1246600	1213103	1069845	7.0	-11.8	2.2
Total	3075834	4164295	5418516	6361148	7673210	27.5	20.6	25.5
Annual variations	(%)	(35.4)	(30.1)	(17.4)	(20.6)*			

Source: General Organizations (various reports); compiled and computed by ESCWA secretariat.

*Planned estimates

Annex Table A-10. General Organizations: Employment, 1975 and 1980-1984

	Number of Persons Employed						Growth Rates (%)			
	1975	1980	1981	1982	1983	1984	1975-1980	1980-1983	1983-1984	1980-1984
General Organizations										
Food	5659	5340	5078	5038	5523	6256	-1.2	1.1	13.3	4.0
Textiles	23506	23800	23993	24479	23918	24488	0.3	0.2	2.4	0.7
Chemicals	4166	10827	9427	12157	11971	13731	21.0	3.4	14.7	6.1
Cement	2718	6731	8459	8735	...	10530	19.9	...	...	11.8
Engineering	3500	7684	7974	8115	...	8732	17.1	...	...	3.2
Total	39549	54382	54931	58524	...	63737	6.6	...	...	4.1

Source: General Organizations (various reports); compiled and computed by ESCWA secretariat.

Annex Table A-11. General Organizations: Accumulated Invested Capital, 1980-1984

	Accumulated Invested Capital (Million SL)					Growth Rates (%)		
	1980	1981	1982	1983	1984	1980-1983	1983-1984	1980-1984
Food	393.5	409.6	596.5	644.3	665.9	17.9	3.4	14.1
Textiles	1283.2	1297.6	2529.5	2611.0	2897.9	27.0	11.0	22.5
Chemicals	1293.3	4958.9	5013.9	5203.8	4726.6	60.0	-9.2	38.0
Cement	1163.7	1696.1	2844.3	2701.1	3275.8	32.5	21.3	29.5
Engineering	1042.8	1234.5	1368.0	1894.7	1780.6	22.0	-6.0	14.3
Total	5176.5	9596.7	12352.2	13054.9	13346.8	36.0	2.2	5.9

Source: Syrian Arab Republic, Statistical Abstract, 1985; compiled and computed by ESCWA secretariat.

Annex Table A-12. General Organizations: Investment, 1980-1984

	Investment (Thousand Syrian Pounds)						Ratio of actual to allocated investment (%)				
	1975	1980	1981	1982	1983	1984	1980	1981	1982	1983	1984
General Organizations											
Food	13739	38637	16192	39755	19027	31454	85.4	31.9	68.5	30.3	28.7
Textiles	130138	85173	110708	159438	103288	21248	42.6	43.3	63.2	34.4	9.1
Chemicals	6022	265695	324904	529960	79166	23952	64.5	96.0	200.0	35.4	14.9
Cement	33229	307461	393116	235270	142665	129725	53.0	77.4	64.3	50.0	46.3
Engineering	14625	56195	4963	33964	26920	18836	68.8	99.3	38.3	30.9	15.1
Total	197753	753161	795883	998387	371066	225215	57.1	73.1	96.9	38.7	24.8

Source: Syrian Arab Republic, Statistical Abstract, 1985; compiled and computed by ESCWA secretariat.

Annex Table A-13. General Organizations: Value of Total Sales (Domestic and Exports), 1975 and 1980-1984

	Values (Thousand Syrian Pounds)						Growth Rates (%)			
	1975	1980	1981	1982	1983	1984	1975-1980	1980-1983	1983-1984	1980-1984
Total sales (domestic and exports)										
Food	190469	399360	522529	655094	742502	1013401*	16.0	23.0	36.5*	26.0*
Textiles	453568	859036	1184692	1418070	1856076	1947425	13.6	29.5	4.9	23.0
Chemicals	145917	309626	514480	912521	1304132	1899333*	16.2	60.0	45.6*	60.0*
Cement	117026	733368	...	...	1152714	1479513	44.5	16.3	28.4	19.2
Engineering	265508	909120	1132598	1220078	1234885	1116102	28.0	10.8	-9.6	5.3
Total Sales	1172488	3210510	...	...	6290309	7455274*	22.0	25.0	18.5*	23.5*
Excluding cement	1055462	2477142	3354299	4205763	5137595	5976261*	18.6	28.0	16.3*	24.5*
Exports										
Food	24700	24629	30074	22432	24404	108356*	-0.1	-0.3	344.0*	44.5*
Textiles	45600	54360	98371	130211	363865	278978	3.6	100.0	-23.3	50.0
Chemicals	6000	23240	34489	30438	54138	346876*	31.0	32.5	540.7*	95.0*
Cement	-	-	-	-	-	29500	-	-	n.a	n.a
Engineering	2500	3834	646	4093	25842	18666	8.9	90.0	-27.8	48.5
Total Exports	78800	106063	163580	187174	468249	782376*	6.2	65.0	67.1*	65.0*
Excluding cement	78800	106063	163580	187174	468249	752876*	6.2	65.0	60.8*	70.0*
Exports as a percentage of sales (%)										
Food	13.0	6.2	5.8	3.5	3.3	10.7*				
Textiles	10.1	6.3	8.3	9.2	19.6	14.3				
Chemicals	4.1	7.5	6.7	3.4	4.2	18.3*				
Cement	-	-	-	-	-	2.0				
Engineering	0.9	0.5	0.1	0.4	2.1	1.7				
Total exports as % of sales	n.a	n.a	n.a.	n.a	n.a	10.5*				
Excluding cement	7.5	4.3	4.9	4.5	9.1	12.6*				

Source: Compiled and computed by ESCWA secretariat from: General Organizations (various reports) and Central Bureau of Statistics, Bulletin for Production and Sales of Industrial Public Sector, 1983 (October 1984), in Arabic.

*Planned estimates. Preliminary data indicate that exports of the Food Organization and the Chemicals Organization were around LS 52 million each; and combined exports of the five Organizations were only around LS 430 million (excluding cement, LS 401 million).

n.a. not applicable