



KCCI - Country Wrap: Syria (Jan.'19)

A brief overview of Syria's economy

The economy of Syria, once flourishing, has gone through significant macroeconomic changes since the beginning of its war in 2011 where reforms being undertaken in the early years did not show up, thereby shrinking the economic output by around 60% by 2014. The mining and construction industries have been hit hard dwindling to only \$ 2 billion from earlier \$ 12 billion industry. The government has struggled to address the effects of economic decline, which include decline in foreign exchange reserves, rising budget and trade deficits, and the decreasing value of the Syrian pound.

Prior to the unrest, Syria began liberalizing economic policies, including cutting lending interest rates, opening private banks, consolidating multiple exchange rates, raising prices on some subsidized items, and establishing the Damascus Stock Exchange. The economy remains highly regulated by the government. Long-run economic constraints include foreign trade barriers, declining oil production, high unemployment, rising budget deficits, and increasing pressure on water supplies caused by heavy use in agriculture, rapid population growth, industrial expansion, and water pollution.

Key Industries of Syria

The largest industries of Syria are petroleum, textiles, food processing, beverages, tobacco, phosphate rock mining, cement, oil seeds crushing and car assembly. Its main agricultural products include wheat, barley, cotton, lentils, chickpeas, olives, sugar beets, beef, mutton, eggs, poultry and milk.

Syria's major trading commodities and partners

The major trading commodities exported by Syria are crude oil, minerals, petroleum products, fruits and vegetables, cotton fiber, textiles, clothing, meat and live animals and wheat. The major export partners of Syria are Iraq 10.3%, Jordan 8.6%, China 7.8%, Turkey 7.5% and Spain 7.3%.

The commodities imported by Syria include machinery and transport equipment, electric power machinery, food and livestock, metal and metal products, chemicals, plastics, yarn and paper. The important import partners of Syria are Saudi Arabia 21.2%, Russia 32.4%, Turkey 16.7%, China 9.5%.

Relations between Pakistan and Syria

During the Yom Kippur War of 1973, Pakistan had sent number of military personals to help and provide training to Syrians. Pakistan military trained Syrians in various tactics and maintained a minimum combat strength to save Damascus from any external aggression. Two PAF pilots played instrumental roles in warding off enemy threats in Syrian airspace for which they received highest gallantry award by President Hafez al-Assad. Since then, Pakistan has continued its economic and diplomatic support for Syria and has repeatedly stressed on peaceful resolution of the current Syrian crisis as well. Syria also supports Pakistan over its Kashmir cause and refers to the Indian occupation of Eastern Kashmir as an open aggression.

In 1990s, Syria successfully sought help from Pakistan to establish its own tractor factory in the country. Pakistan has also helped upgrade Syria's sugar, cement, fertilizer, and paper industry. Pakistan and Syria have agreed for mutual cooperation and exchange of experts in the field of science and technology which led to the establishment of Pak-Syria Joint Committee on Science and Technology in 2005.

Bilateral Trade Relations between Pakistan and Syria

Trade between the two countries is mostly one sided, and in favor of Pakistan. During 2017, Pakistan's export to Syria were valued at \$ 16.77Mn as against \$ 15.78Mn in 2016, showing an increase of 6.27%. Pakistan's import from Syria amounted to \$ 0.92Mn compared with \$ 1.12Mn in 2017, showing a decline of 17.85% during the period under review. Much efforts are needed to boost bilateral trade between the two nations, which has sharply dropped during the past few years. In 2010, President Asif Zardari paid a state visit to Syria to meet with President Bashar al-Assad to expedite exchange of delegations in both government and private levels in political and economic sectors.

Trading Commodities between Pakistan and Syria

Pakistan mostly exports cotton and textile products, cereals, plastics and its articles, medical, surgical and dental instruments, rice, oil seeds and fruit. Imports from Syria to Pakistan include wool and animal hair, fruits and nuts and oil seed.

Potential for enhancing bilateral trade relations between Syria and Pakistan

- Pakistan can help Syria in reorganizing its industries once the civil conflict ends in Syria as Pakistan has specialty in Sugar, Cement and Fertilizer manufacturing.
- Syria can provide oil products at lower rates to Pakistan so as to help it with its increasing energy demands.

Economic Indicators

Indicators	Unit	2016	2017	Change
Forex Reserves	\$ Bn	0.50	0.41	-19.28%
External Debt	\$ Bn	5.09	4.99	-1.89%
Exports of Goods	\$ Bn	1.71	1.85	8.50%
Imports of Goods	\$ Bn	5.50	6.28	14.25%
Trade Balance	\$ Bn	-3.79	-3.97	-4.80%
Current Account	\$ Bn	-2.08	-2.12	-2.21%
CPI	%	47.30	28.10	-19.20%
Prime Lending Rate	%	22.00	14.00	-8.00%
Population	Mn	0	19.45	N/A
Unemployment	%	50.00	50.00	0.00%

Sources: KCCI Research, CIA Factbook

Trade between Pakistan & Syria (2008-2017)



Note: 2017: Pak Exports: \$ 16.77Mn Pak Imports: \$ 15.78Mn Balance: \$ 0.99Mn

Legend: Trade Balance (\$ Mn), Pak Exports (Mn \$), Pak Imports (Mn \$)

Source: KCCI Research, Trademap

Syria's Trade With World (2017)

Top 10 Export Items	(\$ Mn)	Top 10 Import Items	(\$ Mn)
Coffee, tea, & spices	136.756	Elect.machinery & parts thereof	827.317
Fruit & nuts	133.504	Tobacco & its manufactured substitutes	373.939
Vegetable fats & oils	97.472	Machinery, mech. appliances	333.483
Edible vegetables & tubers	70.087	Vehicles other than railway	315.861
Cotton	45.883	Plastics and articles thereof	291.978
Oil seeds & oleaginous fruits	22.164	Commodities not elsewhere	231.187
Soap, organic surface-active agents	20.591	Sugars & sugar confectionery	217.058
Preparations of vegetables	20.522	Vegetable fats & oils	186.364
Apparel, knitted	19.003	Articles of iron or steel	180.189
Apparel, Non knitted	18.211	Coffee, tea, maté and spices	168.022

Sources: KCCI Research, Trademap

Pak - Syria Top 10 Trade Items (2017)

Pakistan Export Items	(\$ Mn)	Pakistan Imports Items	(\$ Mn)
Other made-up textile articles	13.12	Coffe, tea & spices	0.60
Plastics & articles thereof	1.71	Oil seeds & oleaginous fruits	0.16
Wadding, felt & nonwovens	0.90	Raw hides & skins	0.06
Cotton	0.39	Cotton	0.04
Wool, fine & woven fabric	0.20	Machinery, mechanical appliances	0.04
Oil seeds & oleaginous fruits	0.19	Elect.Machinery & parts thereof	0.01
Pharmaceutical products	0.11	Residues & waste(food industries)	0.01
Optical, photo,cinematographic	0.09	Furniture & bedding	0.01
Beverages, spirits & vinegar	0.04	Rubber & articles	0.001
Rubber article & thereof	0.02	Misc. manufactured articles	0.001

Sources: KCCI Research, Trademap