THE POLITICAL ECONOMY AND ITS SOCIAL RAMIFICATIONS IN THREE SYRIAN CITIES

TARTOUS, QAMISHLÍ AND AZAZ

January, 2021

Community Cohesion and Stability Project
The political economy and its social ramifications in three Syrian cities: Tartous, Qamishli and Azaz

الاقتصاد السياسي والتفاعلات الاجتماعية في ثلاث مدن سورية: طرطوس والقامشلي وأعزاز

Community Cohesion and Stability Project and the Cercle des Economistes Arabes

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تم إعداد هذه الدراسة من قبل مجموعة من المستشارين المستقلين والباحثين الميدانيين، تحت إشراف سمير العبيدة وتحت مظلة منداتل الاقتصاديين العرب و"مشروع التماسك والاستقرار المجتمعي" ضمن مشروع ممول من الاتحاد الأوروبي يهدف إلى تكوين منظمات غير حكومية سورية وغير سورية. تحتوي شروط هذا التحصين في ملكية ومسؤولية حجمية لـ "مشروع التماسك المجتمعي والاستقرار" و"منداتل الاقتصاديين العرب ولتعد بالضرورة أي الاتحاد الأوروبي. تم نشر هذا التقرير وفقًا قواعد CC BY-SA.

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THE POLITICAL ECONOMY
And
ITS SOCIAL RAMIFICATIONS IN THREE SYRIAN CITIES:
TARTOUS, Qamishli and Azaz

Economic developments and humanitarian aid throughout the years of the conflict, and their effect on the value chains of different products and their interrelation with economic, political and administrative factors.

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KEY MESSAGES

- The three studied cities are located in different areas of control: Tartous is under the existing Syrian authority, Azaz is within the “Euphrates Shield” areas controlled by Turkey and the armed “opposition” factions loyal to it, and most of Qamishli is under the authority of the “Syrian Democratic Forces” and the “Self-Administration” emanating from it. Each of these regions has its own characteristics in terms of the "political war economy".

- After ten years of conflict, the political economy in Syria today differs significantly from its pre-conflict conditions due to specific mechanisms that resulted from the war, the actual division of the country, and unilateral measures (sanctions).

- An economic and financial crisis had hit all regions of Syria in 2020, in line with the Lebanese crisis. This led to a significant collapse in the exchange rate of the Syrian pound and a significant increase in inflation. This crisis destabilized the networks of production and marketing of goods and services, within each area of control and between these areas, and then the crisis of the Covid-19 pandemic exacerbated this deterioration.

- This crisis affected the living conditions of the population. The monthly minimum survival expenditure basket (SMEB) defined by aid agencies for an individual amounted to 45 working days of salaries for an unskilled worker in Azaz, 37 days in Tartous and 22 days in Qamishli. As a result, most families in the country fell below the poverty line. Also, many young people have been forced to join armed militias that fight for pay or benefit inside and outside Syria, and in illegal activities. This increases the risks of the continuation of the division of the country by the *de facto* situation, the further breakdown of security, distancing from the hope of restoring stability and recovery.

- This crisis has exacerbated the problems of the supply chains for securing goods and services that have already witnessed the repercussions of the war, the unilateral measures (sanctions) and the division of the country into different spheres of influence, between which exchanges are controlled by warlords and armed militias, so are the imports.

- The prices of goods and services have inflated dramatically in all parts of the country, coinciding with the collapse of the exchange rate. It is noteworthy however, that the exchange rates remained very close between the regions, despite the great discrepancies and differences in the prices of goods and services available in each of them.

- The production mechanisms in the three areas of influence collapsed further with the recent crisis, and the country lost its food, medicine and energy security. It became vulnerable to a hunger crisis if it witnessed a drought year without rain, as a consequence of the collapse of irrigated agriculture.

- Many of the basic goods that were produced locally have been replaced by those imported, especially from Turkey and Iran, with the development of different import mechanisms, formal and informal, for each of the spheres of influence and other mechanisms for the transit of commodities between one zone of influence and another. These mechanisms undermined
the economic integration of production that existed between regions. Economic processes have also become more concentrated around large monopolies through which some actors linked to the *de-facto* powers dominate over production inputs (fuels, feeds, medicines, etc.), the production itself and/or the large distribution networks. Monopolies have also aggravated with respect to imported goods, as only few actors dominate foreign trade and the means of financing it, as they are linked with the foreign countries influencing the conflict areas and they are capable of circumventing the economic sanctions.

- Otherwise, the continuation of distribution of in-kind aid for many years through the United Nations and the relief organizations has led to the emergence of mechanisms to recycle this aid in the market at cheap prices. This undermined local production, increased further unemployment further, and thus affected negatively the livelihood and sustainability of the population.

- Drinking water, electricity, and telecommunications are used as means of conflict between the conflicting parties, as well as means of domination within each area of influence, instead of being public services.

- Real estate prices have risen significantly during the last period, so that real estate investments remained a main refuge in the context of the collapse of the exchange rate and rapid rise of inflation. This has exacerbated the real estate to constitute rent-seeking opportunities, encouraging "warlords" to seize private and public properties. Especially since monopolies dominate building materials. This takes place within a redistribution of the population between the cities neighborhoods and with the countryside, producing social shells at the local level.

- Smuggling and illegal activities play an important role in the political economy of all three cities. They are originally border cities, famous even before the conflict years for their networks capable of "smuggling" across the borders and evading public policies. This situation has exacerbated during the years of conflict with the weakness of the central government and the dominance of the fighting forces over the central and local administrations alike.

- Most of the "warlords" in the three cities have only local influence that does not extend beyond the city and its surroundings. Meanwhile, the largest rent-seeking comes from the direct domination of fuel trade, electricity and telecommunications services, which are linked to the top of the pyramid of the armed authority in the three regions, constituting bases of negotiations between them.

**KEY RECOMMENDATIONS**

- It is not possible to continue distributing in-kind aid to the needy for such a long time. Such aid must be quickly replaced with direct cash transfers or developmental aid that encourages the local economic cycle and employment. Likewise, it is not possible to continue for long with the mechanisms of subsidizing the prices of some goods, as is the case especially in the areas of the government and the Autonomous Administration, because they deplete resources and create a large scope for corruption and smuggling.
• Aid organizations and existing administrations need to take into account the political economy generated by the aid and support mechanisms, so as not to encourage monopolies, "warlords" and the continuation of conflict. The same applies to those in charge of the policies of the unilateral sanctions.

• It is necessary to revitalize the local economy and to find ways for citizens to work and earn their living. One of the priorities in this regard is for the United Nations to work to secure the free transit of goods and people between the three regions, in agreement with the controlling authorities of these regions and with the external forces that dominate them, under conditions that prevent monopolies by such authorities and the use of free movement as a weapon or a means of negotiation.

• Dealing with economic actors, especially the strong ones, requires a lot of rationality, away from the media war waged by the "warlords" against each other in the three regions. It is preferable to have always present the question of who will really benefit from the step or the action to be taken?

• Small and medium economic activities must be encouraged, while they will remain surrounded by the economics of war, smuggling and rent-seeking. It is necessary to link the projects of these SMEs with means of marketing and distribution, and to push for the establishment of sectoral cooperatives that can be collectively assisted. All means of assistance and support must adopt the goal of reactivating the economic wheel, the movement of goods and people between the regions, encouraging developmental economy to get out of the existing vicious circle.
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SUMMARY

This study focused on the value chains of different products, food and non-food items, as well as building supplies and health items, including those necessary for the protection against the COVID-19 pandemic. This is in three Syrian cities: Tartous, Qamishli, and Azaz. These cities are similar in terms of the size of their populations and in terms of being geographically located close to international borders, but they are different in terms of the different controlling powers.

The study relied on detailed investigations on the prices of these goods and services, and their evolution thereof between August and October 2020, as well as on detailed interviews with key local informants to assess the ways of procuring these goods and services, and the main actors in their production, importation or marketing. This included the mechanisms of humanitarian aid and its effect on markets and on the political economy.

The first chapter clarifies the objectives of the research and its methodology, and places it on the foundation of the political economy research that was conducted on Syria before and during the years of the conflict.

The second chapter addresses the financial crisis that different Syrian areas lived through during the period of research, especially with the major collapse of the exchange rate and the hyperinflation that ensued, and the interrelation between this and the economic and financial crisis in Lebanon and the spread of COVID-19 pandemic.

The third chapter shows the results of the research on every product and service, from the evolution of their prices in the two-month period covered by the research to the mechanisms of their provision to citizens, and those in charge of that and their connections to the existing powers, with a comparison between the three cities. The report details these results, one after the other, addressing food items, non-food items, and services, then construction materials and real estate issues, ending with the COVID-19 pandemic's preventative supplies.

Chapter four extracts and compares the elements of the political economy of the three cities. It also clarifies the role of the external borders’ crossings, as well as the crossings between the different zones of control on this political economy. It depicts the role of the “warlords” and classifies their typologies.

The fifth chapter ends with main conclusions and recommendations.
CHAPTER ONE: RESEARCH METHODOLOGY AND OBJECTIVES

1.1 Objectives of the study

The living conditions of Syrian citizens deteriorated significantly due to the war and its fallout, especially with the spreading of “corruption”, and the unilateral measures (sanctions)\(^1\). The country also lost its food and medical security. Some aid from UN organizations and other major humanitarian organizations flooded into the country, yet most citizens still live off the revenues that their respective families earn, or of remittances from expatriates. With this money, they pay for local or imported products and services in order to fulfill their basic needs.

The value chains of these products were significantly affected by the fallout of the conflict, especially recently. On one hand, the country became practically divided into four areas\(^2\) controlled respectively by the Syrian government, the “Syrian Democratic Council”\(^3\), Turkey and the factions that it backs, and Hay’at Tahrir Ash-Sham (HTS)\(^4\), the Salvation Government, and Turkey. This division broke the pre-conflict value chains and created difficulties in the fields of labour and production. Yet it has also resulted in new value chains and a new political economy, which could be called the “war economy”, whose main feature is that it generates “rents”\(^5\) benefiting “warlords”.

On the other hand, and after that the exchange rates had stabilized somehow between 2015 and 2019, the economic and financial crisis of Lebanon occurred and caused a major collapse in the Syrian pound’s value vis a vis the US dollar, and gave way to a wave of hyperinflation in all areas of control. This further reinforced the role of the “war economy”. This crisis came simultaneously with the COVID-19 pandemic and the effects it had on health, as well as on economic and living conditions.

This research aims at surveying the living mechanisms of residents through an examination of the situation in three Syrian cities controlled by de facto autonomous authorities: Tartous, which is controlled by the Syrian government, and where there is a Russian naval base; Qamishli, where most neighborhoods are controlled by the US-backed “Syria Democratic Forces”, or the “SDF”; and Azaz, which lies in the “Euphrates Shield” Operation’s area, under the control of Turkey and Turkey-backed forces.

The study also aims at analyzing the war economics that arose in the areas where these cities are located, and how these economics affect the economy and the society in each one of them. The study concludes in recommendations on how to sidestep a human catastrophe in Syria, to heal the Syrian economy and society, and to find paths to transition from a political economy of war to a political

\(^{1}\) Aita, Samir, 2020.
\(^{2}\) In fact, it is possible to talk about five regions, not four, as the case of southern Syria (Hauran and Jabal al-Druze) is special, even if the control therein is nominally by the Syrian government.
\(^{3}\) The Syrian Democratic Council is the political wing of the “Syrian Democratic Forces” (SDF) in the Autonomous Administration of North and East Syria.
\(^{5}\) Rent seeking is an economic concept that occurs when an entity seeks to gain wealth without any reciprocal contribution of productivity.
economy that fulfills the shared aspirations of all citizens: prosperity and dignity⁶; i.e. an economy that does not constitute a continuation of the war economy in a merely different form.

In parallel with this economic and political-economy study, there was another study about the demographic and social conditions before and during the conflict in the three aforementioned cities (Tartous, Qamishli, and Azaz). This second study also surveys the impact of these conditions on governance in those areas. Such study will have its own report, in addition to a comprehensive report on infra-national governance in Syria, conducted by several researchers within a program supported by the EU, which will be published recently⁷. However, the two aspects are highly connected, especially when it comes to the political economy mechanisms and those of local governance. Therefore, this study will depict some results of the socioeconomic study.

1.2 Research methodology

In the context of examining the situation and recent developments in the concerned cities, the research team conducted a survey of prices in the cities in question and in their surrounding areas, in mid-August and then in mid-November 2020; this is in order to understand the living mechanisms of inhabitants. Those two surveys focused on food and non-food items, in addition to basic services and construction materials. Appendix 1 details the methodology of surveying the prices and monitoring the value chains in the three examined cities and their surrounding areas.

Those two surveys aimed, from one side, to monitor the chains of value in the cities in question and their surroundings, using a methodology⁸ that attempts to assess the war economy and its correlation with productive economy and the flow of aid, and also to monitor the change in those chains with the recent rapid developments, especially with the spread of the COVID-19 pandemic and its fallout. This methodology compares the prices of products in different towns in order to survey the trajectory of the distribution of products among them or the “smuggling” thereof in case frontlines or borders separating such towns.

The results of the two surveys of prices were also compared with the results of the surveys conducted by Reach organization⁹, which focuses exclusively on the situation in northeastern Syria (NES) and northwestern Syria (NWS), but that goes far back in time in the surveys of prices that it conducts. In addition, the comparison is also made with the new price surveys of prices done by MGAL organization¹⁰, and with the data on prices in Lebanon that were kindly provided by the Consultation and Research Institute¹¹ in Lebanon.

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⁸ Aita, 2017 b and c.
⁹ https://www.reach-initiative.org/where-we-work/syria/
¹⁰ https://www.mgal.me/node/42
¹¹ https://crilebanon.com/
For the purposes of this research, the two surveys occurred simultaneously with investigative campaigns with “Key Informants” concerning the value chains of products and services, on the key actors in their markets, and on their challenges.

As for the exploration of the political economy of the three cities, the supply chains of the goods and services were tracked, as well as those who produce them or secure their provisioning, importing and wholesale distribution, whether from outside Syria or from the different regions in the country. Through this, the linkages of the actors involved in these activities with the forces of domination in each region and the external forces were traced. So that these actors are classified according to their role in the political economy.

1.3 The political economy of the war in Syria

The political economy in Syria attracted some interest prior the years of the conflict\(^\text{12}\). Studies were conducted concerning the roots of the “Syrian uprising”, which lie in the transformations that befell the country’s political economy. Some of these studies focused on the neoliberal policies of the governing power, especially since the year 2000, and how it broke its ties with the urban or rural middle classes from which it arose during the 1950s. It showed also how, in line with these developments, new alliances emerged between the “State bourgeoisie”, more explicitly, its sons, and the old class of Syrian and Lebanese traders, and the highly concentration of capital\(^\text{13}\).

Those studies also highlighted the developments in the agricultural sector and the “counter- agrarian reform”\(^\text{14}\) that took place, giving way on one hand to the rise of a new agricultural capitalism, and on the other, to the acceleration of the rural-urban migration and the overcrowding of “informal areas” in the outskirts of big and in medium cities. The experience of internal migration has led to an increase in the adherence of displaced communities to sectarian networks, in comparison with their original experience in the countryside and with the legacy of urban societies. The retreat of the State, its infrastructures and institutions from the “informal” neighborhoods, and even from the rural areas that were no longer isolated, led to an increase in the influence of sectarian charities and the emergence of their sectarian and political framing. Consequently, political Islam emerged as one of the ways of integration into the city within the rapid developments, just like other sectarian frameworks\(^\text{15}\).

Studies of the roots of the conflict observed a link between the transformations that took place in Syria and those in the region, especially after the “Naksa” of 1967, which undermined the projects of the “State bourgeoisie” of modest origins, as well as after the “oil shock” in 1973 and 1979, which led to a

\(^{12}\) Bahout, 1994; Perthes, 1997; Batatu, 1999; Schad, 2001; Hinnebush; 2002; Aita, 2007 a and b; Aita 2008; Haddad, 2011a and b; Matar, 2016.

\(^{13}\) Ajl, 2019.

\(^{14}\) Ababsa, 2007; Aita, 2009. The agrarian reform nationalized large agricultural holdings in the 1960s and distributed them as small estates (up to 3 hectares) among the peasants. The term “counter-agrarian reform” refers to the recombination of agricultural lands in large investments, due to the declining groundwater levels in particular and the ability of large investors alone to pump from great depths and mechanize agriculture to reduce costs. As a result, there were large waves of rural-urban migrations, especially in 2003 and 2004.

\(^{15}\) Delibas, 2015; Brooke & Netchley, 2016; Aita, 2016; Yilmaz, 2018.
significant increase in oil rent and of the role of gulf countries and their model in the region, whether on the level of the governance systems or on the model of rent-seeking economies (relying on real-estates, natural resources, etc.)\textsuperscript{16}.

With long duration of the conflict in Syria, other studies emerged in the following years, focusing on the political economy of the conflict itself\textsuperscript{17}. Few of those studies depicted the “political-economy of war” which can be defined as “\textit{systems in which economic incentives either motivate actors to instigate and participate in political violence or which facilitate ongoing conflict by providing a means of financing violent struggle.}”\textsuperscript{18}, and on the particular mechanisms that emerged during the conflict, whether because of the unilateral measures (sanctions), of military operations (siege, foreign domination, and others), or the flow of international aid, or of the rupture with the pre-conflict mechanisms that they led to. Some of the studies insisted that the mechanisms of the “political-economy of war” were nothing but a continuation of the pre-conflict mechanisms\textsuperscript{19}, focusing merely on the actions in government-controlled areas, as if these areas and their governance did not change considerably\textsuperscript{20} throughout the ten years of conflict.

And so, scarce are the studies that surveyed how the unilateral measures (sanctions) imposed by the USA and the EU at the beginning of the conflict, caused the transformation of most foreign trade, and its funding, to the informal sector\textsuperscript{21}, and how their role was crucial in the funding of the militarization of the uprising and its repressions, taking the conflict into a civil war\textsuperscript{22}. Scarce are studies that also linked foreign interventions with the hegemony over natural resources as well as on foreign trade\textsuperscript{23}. Furthermore, scarce are the studies that analyzed how foreign aid or expatriates’ remittances affected the economy, the political economy, and governance in the areas into which they flowed\textsuperscript{24}, while they were necessary with the deterioration of the living conditions of the population and that their goal was “Do No Harm”. Moreover, the areas outside government control barely ever got their own political economy analysis\textsuperscript{25}.

In addition, rarely ever were there attempts to link with one another the different sides of the realities of the political economy, ten years into the conflict\textsuperscript{26} and to consider how to treat the issues of political economy for recovery and postwar reconstruction\textsuperscript{27}.

Thus, this study constitutes an attempt to probe all these aspects of the political economy of Syria today, after that the intensity of the military conflict somehow decreased, and that the country is \textit{de facto} divided into separate areas of external influence.

\textsuperscript{16} Kadri, 2012; Aita, 2013.
\textsuperscript{17} Yazigi, 2014; Turkmani & al., 2018.
\textsuperscript{18} Peterson, 2014.
\textsuperscript{20} Abboud, 2017.
\textsuperscript{21} Aita, 2020a.
\textsuperscript{22} Yazigi, 2014; Said, 2019.
\textsuperscript{24} World Bank, 2020.
\textsuperscript{25} Turkmani & al, 2015; Bojicic-Dzelilovic & Turkmani, 2018; Hatahet, 2019.
\textsuperscript{26} Dahi, 2018, Turkawi, 2018.
\textsuperscript{27} Woertz, 2013; Omran, 2019; Aita, 2020b.
CHAPTER TWO: THE ECONOMIC AND FINANCIAL DEVELOPMENTS THROUGHOUT THE YEARS OF THE CONFLICT

2.1 The evolution of the Syrian currency exchange rate

The ongoing conflict in Syria went through several stages, each of which had its own distinct economic features. The first stage of the uprising (February 2011 until August 2012) did not see large-scale destruction in establishments and dwellings, and the economy of Syria remained in shape in the different areas. The largest effect in this stage was due to the US and EU sanctions and the decrease in investments. This is apart the real estate sector which grew largely, given the state's weakened ability to control unlicensed construction\textsuperscript{28}. In the second stage (until mid-2015), Syria went through intense civil war, during which the government lost control of many areas, first with the emergence of multiple combatant factions, and later with the raise of the “Islamic State”, also known as ISIS\textsuperscript{29}, which dominated cities and vast regions stretching in the country from the borders with Iraq in the East to those with Turkey in the North. This stage saw large-scale destructions, the means of economic exchanges between the different parts of the country were severed, and a “war economy” developed significantly. The third stage (until mid-2019) started with the direct US and Russian interventions in Syria. The areas under the control of the armed opposition forces started to shrink, and “ISIS” as a \textit{de facto} rule over several cities and towns was gradually eliminated. In addition, there was the emergence of the “Syria Democratic Forces” (SDF) and the Autonomous Administration of North and East Syria (AANES)\textsuperscript{30}. The most distinctive feature of this stage is the large-scale displacement of the population to the neighboring, as well as the European, countries, and the cementing of war economics in the different areas of control, including the area that is controlled by the Syrian government, the pressure on whose economy had reduced somewhat in comparison with the second stage. Syria lives today through a fourth stage of the conflict, which could be called the \textit{substantiation of fragmentation}. In this stage, the country is \textit{de facto} divided into four different areas of control. Fighting largely decreased in this stage, and the foreign interventions (Russian, Iranian, Turkish, and American) cemented their presence. However, the financial crisis in Lebanon erupted at the beginning of this stage, followed by the COVID-19 pandemic. These took the living conditions of the population to a far worse situation than in all of the past stages, threatening now of a human catastrophe.

\subsection*{2.1.1 Exchange prices and the stages of the Syrian conflict}

The national currency is the principal means of exchange in the economy and in society. Its evolution mirrors the economy and the political economy of the country. The Syrian pound (SYP) had known relative stability in the exchange rate in the two decades prior the conflict. However, the country

\textsuperscript{28} World Bank, 2017; Aita, 2020b.

\textsuperscript{29} The “Islamic State of Iraq and the Levant”, also known as the Islamic State of Iraq and Syria.

\textsuperscript{30} With the decline of the calls for “Rojava”, i.e. West Kurdistan.
experienced some dollarization\(^{31}\) in its monetary mass, for different reasons related mainly to the exchange control and the inability to deal freely in Syrian pounds even in neighboring countries. This is while the Syrian State was not really indebted, whether to domestic or foreign bodies, but was rather having sizable reserves of foreign currencies, constituting a significant percentage of the Gross Domestic Product (GDP).

\(31\) which is called the black-market rate.

The exchange rate of the Syrian pound (free market price\(^{32}\)) devalued slowly vis-à-vis the US dollar during the first stage of the uprising, going from 46.5 pounds per US dollar (US$) in January 2011 to 72.3 pounds per US dollar by the end of July 2012, when the situation transformed into and armed conflict (Figure 1). The deterioration accelerated further in the second stage, with the violent developments on the ground, until the exchange price reached a first peak of 204 pounds per US dollar in August 2013. After a period of recovery, the pound devalued again in an accelerated manner with the emergence of ISIS and its control over large swathes of the Syrian territory, including especially the main oil fields and for some periods even the large gas fields. The exchange rate went from 143 SYP per US$ in the beginning of 2014 to 515 SYP per US$ in April 2016. In the third stage, the Syrian currency exchange rate stabilized with the presence of the Russian forces and the decline of ISIS control. It even improved slightly in the years 2017 and 2018, reaching 440 SYP per US$. But the end of 2018 and the beginning of

\(32\) سمير العيطة، 2007.
2019 saw a new deterioration of the exchange rate, with the decline of the aid perceived by the areas outside government’s control (especially that those areas and their population started to shrink). In addition, the EU and US pressures on the Syrian foreign trade increased. The devaluation accelerated with the early signs of the Lebanese crisis, which exploded in November 2019, leading to a collapse in the exchange rate that reached 3,175 pounds in June 2020, simultaneously with a parallel devaluation of the Lebanese pound (LBP). The Lebanese crisis froze huge amounts of Syrian private sector deposits in the Lebanese commercial banks, and it highly obstructed the import and export relations with Lebanon and the world, which had been active during the earlier stages of the conflict.

Thus, this study came in a period of rapid evolution of the exchange rates of both the Syrian and the Lebanese pounds, as well as of the Turkish Lira that devalued remarkably in some periods of the latest stage.

Between April 2019 and June 2020, the Syrian currency exchange rate was first multiplied by 5.8 before going back to being multiplied by 3.75 in mid-August 2020 (the first survey) and then was again to being multiplied by 4.2 in mid-November 2020 (the second survey) (Figure 2).

In the same period, the Lebanese currency exchange rate was multiplied by 6.5 between April 2019 and July 2020, only to go down to being multiplied by 4.5 in mid-August, to fall again to being multiplied by 5.28 in mid-October.
The Turkish pound also lost some of its value. It fell in mid-August 2020 by 27% from its April 2019 value, the losses later increased to 37% in mid-October.

Therefore, the two price surveys of this study came at a period of big ups and downs in the exchange rates, whether with the Syrian pound or the main neighboring countries’ currencies. The study shall then follow the impact of these fluctuations on the prices of goods and services, and also their value chains, and their political economy.

2.1.2 The exchange rates as monitored in the two survey periods

In 2013, citizens have been banned from dealing with US dollars in government-controlled areas. A harsher law was issued in 2020 criminalizing even further the use of any currency other than the Syrian pound, in an attempt to control the rapid devaluation of the currency. However, the US dollar has been used largely in transactions in Northeast Syria. But dealing in Syrian pounds is still quite common there, especially that there are no small USD change and coins in circulation in the market, and so most base ordinary products are priced in Syrian pounds. In the Northwest, the dealing in Turkish pounds was imposed in the “Euphrates Shield” area, where Azaz lies, as well as in the “Olive Branch” area (Afrin) and the “Salvation government’s” area (Idlib). Turkish post offices that opened in those areas started providing inhabitants with Turkish coins. But the Syrian pound is still used for some products, so is the US dollar, especially given the fact that the cities near Azaz are controlled by different sides, be it the SDF or the Syrian government. In all those areas, the eyes of merchants, even small traders, are always and instantly on the US dollar exchange rate of the Syrian pound exclusively, in order to set the price of the goods they are selling.

Also, the inflation rates in Syria were already high before 2011, this is partly due to the scale of dealing in US dollars domestically, especially for major commercial transactions. But the outbreak of the conflict and the influx of foreign currencies to the country exacerbated this inflation phenomenon, which exploded with the crisis of Lebanon, so that Syria fell into a whirlpool of hyperinflation; the dollar reference reaching even the very small transactions.

The city of Tartous and its outskirts

In August 2020, the Syrian pound exchange rate (buying) averaged at 2,090 SYP per US$. The first survey of Tartous city showed that the exchange rate was 2,085 SYP per US$, 0.23% lower than in Damascus. The difference between the buying and selling rates was also around this margin. The differences of prices with the other neighboring areas were also small. Yet the survey registered a better price in Latakia, 1,950 SYP, i.e. 6.7% lower than Damascus. Such difference in the exchange rates between Latakia on one side and Tartous and Damascus on the other is rather remarkable.

In mid-October, the Syrian pound’s value dropped in Damascus to 2,320 SYP per US$; a regression of 11%. The second survey in Tartous city registered the same exchange rate as in Damascus. The difference between the buying and selling prices, however, was with a bigger margin: 1.75%. As for the exchange rate in Latakia, it was at 2,300 SYP per US$, only slightly different from Tartous and Damascus.

33 سمير العيطة، 2007.
**Qamishli city and its surroundings**

The first survey, conducted in August 2020, depicted the exchange rate in Qamishli at 2,050 SYP per US$. This is 1.9% better than in the city of Damascus. It also recorded a difference in the buying and selling prices with a 1% margin. The exchange rate was better around the city (in Ain Al-Arab/Kobane, Amuda, and Ain Issa) than within the city itself; reaching 1,990, which is 3% less; what indicates that these towns are seeing a better flow of hard currencies than Qamishli. Ain Al-Arab/Kobane has the unique situation of mostly dealing in US dollars.

As for the second survey, it recorded a 2,280 SYP per US$ exchange rate in Qamishli, which is 1.7% better than Damascus. The difference between the price of selling and buying decreased to 0.22%. It is noteworthy noting that the differences in exchange rates between Qamishli and its surroundings were no longer as they were in August; the exchange rates in Ain Al-Arab/Kobane and in Amuda became even a little higher than in Qamishli. This decrease of the differences of exchange rates between Qamishli, Damascus and the surrounding of Qamishli is remarkable.

**The city of Azaz and its surroundings**

The first survey conducted in August 2020 recorded a 1,950 SYP per US$, which is better than in Damascus by 6.7% and than in Qamishli by 4.9%. There is also a notable difference between the buying and selling prices, with a margin of 1.5%, much higher than that in Tartous and Qamishli. There were even better exchange rates in the neighboring areas, where the rate reached 1,900 only in Marea’, Akhtarin, and Al-Bab, and to 1,920 in Jarabulus. This tends to indicate that there was a significant influx of hard currencies to these cities, mostly through international relief organizations, whereas the demand on hard currencies was higher in Azaz because of its position as a center of imports through Bab al-Salamah gate to many of the nearby areas.

In October, the second survey in Azaz monitored an exchange rate of 2,295 SYP per US$, comparatively to 2,285 in Qamishli and 2,320 in Tartous, with a margin between the buying and selling remaining less than 2%. In the vicinity of Azaz, all exchange rates were higher, up to 2,315.

**2.1.3 Analysis of the exchange rate surveys**

The Syrian currency/US dollar exchange rate continued on its path since the outbreak of the Lebanese crisis, with a clear correlation with the Lebanese currency exchange rate (figure 2). Although the Syrian government’s monetary policy managed to stop the deterioration before it stopping it in Lebanon. However, both countries headed to collapse again in August 2020, after the explosion at the Beirut port.

Then, a clear improvement occurred in the exchange rate of the Lebanese pound when Saad Hariri was named to form a new government in Lebanon, without affecting the Syrian pound. This course towards the slow collapse of the exchange rates is linked with the scarcity of hard currencies in Lebanon, the gradual blockage of Lebanese and Syrian hard-currency deposits in Lebanese banks, and the stopping of imports of many products to Lebanon.
The correlation between the two pounds, the Syrian and the Lebanese, to this extent has to do with the fact that many of the expatriates’ remittances in addition to a significant part of the aid of the international organizations used to come through Lebanon, as well as to the fact that a large part of the financing of foreign trade (imports and exports) to Syria, was carried out through Lebanese banks and the port of Beirut. The mass of hard currencies in the two countries is the same. The other part of the remittances and foreign trade financing in Syria was made through Turkey, and so the Syrian pound’s value is also affected by the pressures that the Turkish currency is facing vis a vis the dollar.34

The outcomes of the survey attract the attention to the minor differences in exchange rates between the different areas of control in Syria (especially in October), which do not exceed the margins between the buying and selling prices, and the profits of exchangers. This is despite that Northeast Syria moved to more dealings in US dollars, and the Northwest to dealing in Turkish pounds. This proximity in exchange rates could be ascribed to a relative decrease in the influx of financial aid to both regions, the Northeast and Northwest, which reinforced the connections of those two regions with the economy of the government-controlled areas. This could also mean that the exchange networks in the different areas are linked to one another.

In October, unlike August, the areas and towns that saw better exchange rates than their surroundings—because of a higher flow of financial aid towards them or their being somewhat important foreign trade hubs, or even because of manipulations of money changers of the exchange rates withdrawing hard currencies, as was indicated in some interviews.

In any case, the accelerated collapse of the exchange rates led to the explosion of inflation in the costs of goods and services; the traders beginning to ask on instantaneous exchange rates in order to put prices on their goods. This aggravated the people’s suffering in all areas. In addition, the economic networks that stood before 2019 had been shaken to be replaced by commercial powers that are able to obtain hard currencies and to use different means of financing than those which existed with Lebanon.

Otherwise, the imposition of dealing in Turkish pounds exacerbated the inflation in Northwest Syria and decreased the purchasing power of the citizens. On the minor transactions level, small Turkish coins were not available to constitute the exact equivalent in the Syrian pounds.35

### 2.2 The evolution of inflation

The study analyzed the evolution of inflation36 during the different stages of the conflict. Thus, it was observed that the inflation had accompanied the collapse of the Syrian pound’s exchange rate during the different stages of the conflict, but perhaps on a slower pace. It’s noteworthy that the relative

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34 AITA, 2020a.
35 For instance, a product that costs 0.12 Turkish pounds is sold at 0.5 Turkish pounds, what increases the price significantly.
36 The global inflation rate is based on Syrian official surveys and on the corrections and completions of the Syrian Centre for Policy Research [https://www.scprr-syria.org](https://www.scprr-syria.org). The inflation rate in the NWS and NES is based on the Survival Minimum Expenditure Basket (SMEB) which is recorded by Reach through the relief organizations in those areas [https://www.reach-initiative.org/where-we-work/syria/](https://www.reach-initiative.org/where-we-work/syria/). As for the exchange rates, they are monitored through exchangers and the data from [https://sp-today.com/](https://sp-today.com/).
stability of the exchange rate in the third stage of the conflict had not slowed inflation, except in the last months (figure 3). It is also noteworthy that inflation characterized most stages of the conflict, despite the drop-in demand in goods and services due to the migration of many Syrians to neighboring countries and to Europe\textsuperscript{37}. In fact, the purchasing power of Syrian citizens declined, due the obstruction of the mechanisms of the economy and because the mechanisms of foreign and domestic trade came to face additional costs, “transaction costs”\textsuperscript{38}, in order to circumvent US sanctions, to transport goods between the different areas of control in Syria, and to sidestep the different military factions’ checkpoints.

There is no data on inflation in government-controlled areas in 2020, only Reach data show acceleration of inflation in the fourth stage of the conflict with the outbreak of the Lebanese financial crisis in October 2019, as well as the COVID-19 pandemic, with the concomitant collapse of Syrian pound exchange value. However, inflation slowed remarkably between June and October 2020, before it started to increase once again.

Figure 4 shows the dates of the two surveys conducted for the purposes of this study in mid-August and mid October 2020 in comparison with these developments. It is noteworthy that Reach’s data depicted a stabilization of inflation in Northeast Syria at lower levels than those in the Northwest. A fact that the analysis of the value chains below will attempt to assess.

2.3 Incomes and wages

There is also no data on the evolution of income and wages in Syria. This is why this study has tried to address on the issue of population income, knowing that it did not surely follow the course of the collapse in the exchange rates and the subsequent accelerated inflation.

\textsuperscript{37} AITA, 2020a, page 63.

\textsuperscript{38} Economically, the additional costs that are due to the changes in transaction mechanisms are called "transaction costs". They include, in the case of sanctions, the additional costs to get hard currencies, foreign transfers for imports, transportation to the borders or the ports, the costs of "smuggling" from abroad, and the costs of checkpoints between the different areas of control. Those costs are captured by different “middlemen”, whether in the security apparatuses, the combating factions or others.
The structure of income in Syria is linked to the wages of the public sector, whether in government-controlled areas or in the Autonomous Administration of North and East Syria's (AANES) establishments, where high levels of “public” employment were recorded. The private sector takes these wages as a reference, but its own wages could better follow the exchange rate and the inflation, especially when it comes to skilled labor and managerial positions, but also according to the demand on workers depending on the population situation and the crowdedness of internally displaced populations (IDPs) and such.

Otherwise, there are the wages offered by international non-governmental organizations (NGOs) and media networks in Northeast and Northwest Syria, most of which are high and paid in hard currencies, in addition to the incomes of combatants on all sides. What creates distortions in the structures of wages, pushing them upwards.

In a preliminary approach to the issue of income and wages, the two surveys carried out in August and October 2020, included the unskilled daily labor in the construction sector, in the concerned cities as well as in their surroundings. This is in addition to some data on skilled labor. This approach has its meaning, especially that most employment in Syria before the conflict was informal, where wage labor exceeds self-employment. It is worth noting that, unlike goods, the “labor migrations” between the areas controlled by different groups remained low throughout the conflict. This was also the case even within the areas controlled by the same group, unless locally and on limited occasions.

The average daily wage of an unskilled worker in Tartous reached 4,930 SYP in August (2.36 USD), increasing to 5,500 SYP in October (2.37 US$). In Qamishli, this average wage reached 7,068 SYP per day in August (3.38 USD) and 11,273 in October (4.86 US$). In Azaz, an average wage of 4,000 SYP per day was recorded in August (1.91 US$) that reached 4,500 SYP in October (1.94 US$)

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39 Self-employment is worldwide the most common form of informal employment, i.e. employment with no health or social insurance and protection. Studies have revealed that most of the informal employment in Syria and some Arab countries was wage work; check Samir Aita 2017 and 2017d.
These daily wages vary, higher or lower, depending on the different neighborhoods in the concerned cities and in the nearby towns. For example, the average wage is 20% lower in the villages of Yahmou and Safsafah near Tartous, and the same goes for Tal Kalakh because of the abundance of labour there. The wages are even lower in Homs, even though labour there is not as abundant because of the large waves of displacement of the city’s inhabitants. The average wage is 55% higher in Jableh. These variations are linked to how many young men are being conscripted in the compulsory military service, to the high percentage of victims among them, and also to the large share of displaced population to the coastal area who returned to their original areas or engaged in independent work.

The high wages in Qamishli are due to the high public wages of the AANES and the SDF, and those paid by the international NGOs and the media there. Such high wages are not observed in some nearby cities and villages, such as Himo, Amuda, Derbasiyyeh, Qahtaniyah, Ain Al-Arab/Kobane, Tal Tamr, and Hasakeh, as they are located in different geographical and sociodemographic contexts. There, the daily wages are down by half, which makes them closer to those in government-controlled areas. Only Malkiyeh has wages that are almost as high as those in Qamishli, perhaps because it has become a commercial hub for goods and products passing from Iraq to the NES.

The wages are also lower near Azaz than in the city, even though they are already low in the city, because of the vast spreading of IDP camps. Thus, most surrounding towns (from Bab Al-Salameh to Mare’) recorded a daily wage of 3,500 SYP in October (1.5 US$), and even 3,000 SYP in Akhtarin (1.29 US). Only Tal Rifa’at has very high wages for unskilled workers, similar to those in the AANES areas: 12,000 SYP. In the town of Idlib and its surrounding areas, the wages are generally higher than in Azaz, close to those in the government-controlled areas. Perhaps this is due to the fact that the economic activities and the dealing with humanitarian organizations in the Idlib region is greater than in Azaz, especially since Bab al-Hawa crossing is the only gateway for the passage of humanitarian aid while it competes with the Bab al-Salama (near Azaz), Mare’ and Jarablus crossings for imports from Turkey to the opposition areas and

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**Box 1: The composition of the SMEB basket in Syria**

**Food products:**
- Bread 37 kg,
- Bulgur, 15 kg,
- Chicken meat 6 kg,
- Eggs 6 kg,
- Fresh vegetables 12 kg,
- Ghee or vegetable oil 7 kg or litres,
- Red lentils 15 kg,
- Rice 19 kg,
- Salt 1 kg,
- Sugar 5 kg,
- Tomato paste 6 kg

**Cleaning materials:**
- Soap 12 pieces,
- Washing or dishwashing soap 3 kg,
- Sanitary pads 40,
- Toothpaste 200 g

**Fuel:**
- Cooking fuel or gasoline 25 litres

**Water:**
- Drinking water through tanks: 4500 l

**Telecommunications:**
- Phone data subscription 1 gigabyte

**Miscellaneous:**
- 7.5% of the total amount
from there to government controlled areas through smuggling crossings, such as at Abu al-Zendein\textsuperscript{40}. Aleppo is interesting because it has very high wages even in comparison with other government-controlled areas. This is mostly due to the lack of labor force in the city, which used to come before the conflict from its countryside.

On the other hand, the wages of skilled workers are a lot higher than those of the unskilled workers. They could reach a double or more depending on their availability, while many skilled workers from all areas went abroad.

It is worth noting here that the Survival Minimum Expenditure Basket (SMEB) is the price of a monthly food basket for one individual as defined by relief organizations and the UN\textsuperscript{41}, maintaining this individual remaining above the abject poverty line. Such basket is distributed to the population in need in most areas (Box 1)\textsuperscript{42}. The cost of this basket in August reached 89 US$ in NES and 107 US$ in NWS\textsuperscript{43}. It remained somewhat stable in October: 87 US$ in NES and 107 US$ in NWS.

\textbf{However, this monthly basket amounts to some 37 workdays of an unskilled worker in Tartous\textsuperscript{44}, 22 workdays in Qamishli\textsuperscript{45}, and 45 workdays in Azaz. This means that this daily income of an unskilled worker is far from being enough to provide the minimum to keep this individual above the abject poverty line, let alone supporting his family. This also means that the poverty is harsher in Azaz than in Tartous, and tougher in Tartous than in Qamishli.}

\textbf{Thus, the levels of wages of unskilled workers in Syria are below poverty minima. They did not increase between August and October 2020, while the Syrian pound was devaluating and the inflation increasing, except in the AANES areas, in line with the higher administrative sector wages there.}

\textsuperscript{40} See below a map of the crossings in Figure 14.
\textsuperscript{41} https://reliefweb.int/sites/reliefweb.int/files/resources/74050.pdf
\textsuperscript{42} https://reliefweb.int/sites/reliefweb.int/files/resources/REACH\_SYR\_Situation-Overview\_Market-monitoring\_January\_2020.pdf
\textsuperscript{43} https://www.reachresourcecentre.info/country/syria/cycle/729/
\textsuperscript{44} If its cost in NWS is used as a reference for Tartous
\textsuperscript{45} In October 2020, but 31 days in August
Figure 5 - Distribution of the daily wages of unskilled workers in the surveyed areas
CHAPTER THREE: THE VALUE CHAINS OF PRODUCTS AND SERVICES

3.1 The tools for surveying prices, investigating value chains and analyzing their results

The two surveys conducted for this study focused on a group of products and services much larger than that of the Survival Minimum Expenditure Basket (SMEB), while keeping those included in the basket for comparison purposes. They also surveyed food and non-food items that are essential for livelihoods, in addition to data on housing and construction, and materials related to COVID-19 prevention.

The interest was not limited to surveying the prices of these products and services in the three studied cities and their surroundings, but also included also their chains of importation, manufacturing, and selling in the market, with special investigations using through key informants on their problems and the many players involved in their production, importation and marketing.

This report analyses the results of those two surveys, as well as the accompanying investigations, to assess the dominating mechanisms of political economy, whether in relation with the dominant powers and their ability to control the value chains - on a national level, or in a specific-area or through the local-councils - or in relation with the active economic powers, and their ties with the controlling powers. Of course, those mechanisms differ depending on the nature of the products and services, on the necessity of their importation or of crossing the separation lines, on their local manufacturing or on the networks of their distribution in the markets.

Box 2: The products and services surveyed in August and October 2020

**Food products:** bread (1kg), bulgur (1kg), flour (1kg), pasta (1kg), chicken (1kg), eggs (12 eggs), milk (1 litre), infant formula (1kg), zucchinis (1kg), beans (1kg), organic ghee (1kg), vegetable oil (1kg), red lentils (1kg), tomatoes (1kg), tomato paste (1kg), chickpeas (1kg), potatoes (1kg), cucumber (1kg), oranges (1kg), apples (1kg).

**Non-food items:** hand soap (1kg), laundry detergent (1kg), sanitary pads (10), diapers (10), toothpaste (750g), drinking water (1 litre), electricity (each kilowatt-hour), mobile phone (1 gigabyte), gas (10kg canister), heating fuel (1 litre), transportation fuel (1 litre), transportation gasoline (1 litre)

**Housing and building materials:** cement bag (50kg), electricity cable (1m), non-specialized construction worker salary (per day), specialized worker fees (per day), rent of apartment (100 square metres per year), rolled metal (1 tonne)

**COVID-19 preventative measures:** plastic gloves (100 gloves), face masks (per unit), hand sanitizer (500ml), alcohol (1 litre), trash bags (30)
3.2 Food Items

3.2.1 Bread

In Tartous, most kinds of bread - other than that called “touristic” - are subsidized by the State, which provides private and State-run bakeries (and state bakeries that are operated by the private sector) with wheat from State-owned mills. It brings large quantities of wheat from NES through private contractors, such as Qaterji, or from Russia and Iran.

As for the bakeries, they hand the bread over to authorized vendors in neighborhoods who can sell it in turn to the citizens through the "Smart Card". This latter mechanism was adopted especially since the pandemic's lockdown measures.

However, this mechanism experienced many problems as it is not well organized at the beginning in terms of choosing the authorized vendors and determining the needs of every neighborhood. Also, there were the issue of the single individuals with no family booklet to whom no “Smart Card” could be delivered. This opened the door for the selling of subsidized bread in the black market, at higher prices. There were also manipulations in the quantity of loaves and the weight of the pack of bread, as well as in the delivery period to have fresh bread. Furthermore, most bakeries and mills manipulate the quality of flour and bread, because of the lack of soft wheat in the country. It is noteworthy that bread was more available in the countryside than in the city. This is sometimes due to the ease of enumerating the number of families in villages and in other cases to the fact that some influential people work on getting flour or

Box3. From interviews about flour and bread in Tartous

Wheat used to be imported from the SDF areas through intermediaries such as Qaterji. Currently, the flour that is used is mostly imported from Russia under the aid label, and the State pays for it. The flour mixes are manipulated, what leads to very bad quality of bread. The situation in regard to grains is tragic, as there are no real resources within the State-controlled areas. The entire burden is on the State that is trying its best to provide it. The problem we have is that the ministers are only rubber stampers and the traders do not cooperate. The decision to sell bread through the Smart Card is an attempt to regulate the smuggling of flour, especially by private bakeries. The flour that is sold in the market is smuggled out of the shares of private bakeries which are supposed to be making bread...

Before applying the decision to sell bread on the Smart Card, there were no problems at all with the availability of bread. While Damascus countryside, which was the first place in which that decision was applied, was struggling to provide bread for the consumers, Tartous and its countryside did not experience any bread crisis, for there were authorized vendors of bread in different neighborhoods and at a rate sufficient for the residents of each neighborhood. After applying the decision to sell via the Smart Card, the bread crisis began in Tartous.

There is no bread crisis in rural areas such as As-Safsafeh, Safita or Yahmou, where, for example, in Safita, the bread is sold not via the Smart Card but at the subsidized price, because there is an excess that vendors want most often to get rid of...

bread to their areas, as large quantities of flour specifically allocated to bakeries were being manipulated and not delivered.

In Qamishli, the AANES buys wheat from the farmers and produces flour in the three public mills that exist in the area (in Hassakeh, Jazira, and Manouk). It contracts also private mills (such as the mills of al-Asdikaa, al-Huda, as-Salem, al-Hasan)\(^47\). Flour is available in this main area for wheat production. But crises could occur, especially with the occasional smuggling to the areas controlled by Turkey-backed factions, in addition to the continuous “smuggling” to government-controlled areas. Bakeries are also available in the area, but the AANES, due to the latest inflation crisis, the consequent manipulation of prices and the lockdown measures that the pandemic made necessary, had to place bread-distributing kiosks in the different neighborhoods (13 in Qamishli and they are being increased). It is also considering a card similar to the "Smart Card" that the government has but subsidizes products at a lower rate than the government. As for the countryside, the distribution is made through authorized vendors. Here too, the distribution of subsidized bread faces some difficulties. For example, SDF fighters and AANES employees are given cards that allow them to buy unlimited quantities of bread. The AANES justifies this by saying that this is to feed them while at work and to benefit from their role in the distribution. But this has permitted a wide room for manipulation, especially with the resale of such bread to the shops at high prices during the bread crises, despite the availability of flour and the operationality of the mills.

Things get more complicated in Azaz, which did not even have a mill. In 2015, the “Syrian Interim Government” (SIG) transformed the Agricultural Bank’s headquarters into a mill in order to support farmers. But the flour was sold at the market price because of disputes between SIG and the local council, especially concerning the financing the mill, which was forced to sell part of the flour delivered to it in order to cover its expenses. Only international organizations such as Mercy Corps were buying flour (especially from Turkey, but also from NES) since 2014, providing it for free to the bakeries in Azaz\(^48\), and also supporting farmers. But Mercy Corps left the area after that Turkey invaded it in 2017 and its government imposed that wheat can only enter through its humanitarian organization, AFAD\(^49\). The prices of bread increased significantly before there was an annual contract between the local council and AFAD to deliver subsidized flour. Afterwards, AFAD began to provide flour on a daily basis to the mechanical bakery, which is operated by the local council, but intermittently and without the other bakeries, what does not allow to meet the local needs and often puts the local council in an

\(^{47}\)The latest Global Communities report indicated that it had helped mills and bakeries in NES through the project BREAD which was funded by USAID for three mills and 13 bakeries that served 34 thousand people. Check: [https://www.globalcommunities.org/publications/2019-Global-Communities-Annual-Report.pdf](https://www.globalcommunities.org/publications/2019-Global-Communities-Annual-Report.pdf).


embarrassing position in front of the citizens. In a later stage, the local council received support from the NGO named “Global/Goal”\textsuperscript{50} to open a new mill and bakery, and received imported subsidized flour. However, the subsidized bread is not enough for domestic needs, and there are large differences in the prices between the local-council-run bakeries (3 bakeries) and the private bakeries (14). The local council is trying to create an Association of Bakeries in order to control the prices, but this has so far been futile. This is in addition to the fact that the subsidization mechanism generally leads to a decrease in average prices, what makes the local production of wheat unable to compete in the market.

The value chain of bread is linked to the provision of wheat, whether from NES region or through imports (especially the white wheat to mix it with Syria’s hard wheat and improve the quality of bread), in addition to the providing of mills or the flour directly, as well as to the distribution mechanism of the bread through the bakeries, especially during the lockdown circumstances caused by the pandemic. Especially since the policy of massive subsidization of the prices of this basic good for citizens is one of the main government policies, which is evident from the large price differences between the three cities and with Lebanon.

In fact, the \textit{de facto} controlling powers (such as the Syrian government, the AANES, or the Turkish State, through its relief organization AFAD), are the only capable of dealing with the beginning of the chain and with the big actors in the flour market; this is while the local councils remain weak in front of these actors. Likewise, the subsidy mechanisms lead naturally to corruption throughout the chain. They cannot guarantee that the beneficiaries of the subsidy are actually the ones who deserve it. Especially since the organizational capacities at the local level are weak in front of the armed groups. It remains that the daily wage for a worker in Azaz was in October 2020 equal to approximately eight bundles of bread! This opens up the question whether it is better to direct the aid mechanisms towards direct financial and developmental support for the neediest families instead of price subsidies.

\subsection*{3.2.2 Bulgur}

Bulgur has also long been a basic good for the livelihood of Syrian citizens, especially in rural areas. Like bread, it relies in the beginning of its value chain on hard wheat, which is produced locally, especially in the Northeast and in the countryside of Aleppo. But. unlike bread, it does not require for its manufacturing big industrial investments such as mills. However, the hegemony over the large resources of wheat and on vast distribution networks enables its provision in cities with competitive prices.

In Tartous, compete with one another the Syrian brands manufactured in neighboring areas, such as al-Rabi’\textsuperscript{e}, al-Dreikish\textsuperscript{52}, al-Rifada\textsuperscript{53}, and Abu Mahmoud\textsuperscript{54}, or the brands from areas farther away, such as

\textsuperscript{50} https://www.goalglobal.org/countries/syria/
\textsuperscript{51} Al-Rabie for Food Industries \url{http://rabiefood.com} brand in Damascus, but the bulgur is manufactured in JubAl-Amlas near Safita. This not Rabee ash-Sham brand, the Egyption al-Akram brand for food industries \url{https://www.facebook.com/alakram4food/}. noting that there is also a Syrian-Turkish company marketing under ar-Rabee brand.
\textsuperscript{52} https://www.facebook.com/dreikesh/posts/2661262777243093/
\textsuperscript{53} https://suna-online.com/ar/79-Bulgur in Hama.
\textsuperscript{54} Latakia
Sidi Hisham and Maadanly. This is in addition to the locally produced bulgur in some villages ("organic" and sold for higher prices). The prices in Tartous are much cheaper than in Lebanon, even though it is subsidized there. This means that smuggling is possible towards Lebanon, not the other way round. It is worth noting that some of the local brands are dominated by "warlords", such as Khudr Al-Taher, who is nicknamed “Abu Ali Khider” (al-Jiiji) who dominates “ar-Rabi’e” brand, imports part of his raw wheat from Turkey and imposes “fees” on other factories.

What is remarkable is that the bulgur manufactured in Turkey dominates the market in Qamishli, even in the neighborhoods of Tayy and al-Matar (the airport) under Syrian government control. This bulgur comes especially through ‘an-Nawras Group’, which is based in Mersin and was founded in 1990, then expanded especially to Kurdistan Iraq after the 2003 war. It exports its products to NES through Semalka crossing and relies on a vast network of distributors in the area. However, a single wholesaler has a monopoly on importing and distributing the "Nawras" brand in the NES, according to the interviews. And what is remarkable in an area that produces most of Syria wheat, the competition does not seem strong with the locally-made bulgur, such as ‘al-Rafidein’ and ‘Dirbas’ (from Qamishli mills) or Judy (Hassakeh mills) or ‘Khan al-Jabal’ (Malikiyeh mills), and that the “organic” production (made in the villages) decreased in many areas even though it is an old custom of storing it for winter. The price differences are notably large within the city (between 850 and 2000 SYP/kg in August and between 1500 and 2000 in October), as well in nearby cities. It is also striking that the prices in Ain al-Arab/Kobane are always the lowest (900 SYP in August and 1000 SYP in October) even though the same brand, ‘an-Nawras’, is brought there from the ‘Euphrates Shield’ areas.

The competition in the bulgur market is more intense in Azaz and its surroundings, despite the fact that the area had an abundance of wheat production, more than enough to cover the needs of the population of the area and that there are a lot of local mills (at-Taweel, Ain Shams, al-Hafez, Idlib, ar-Rafidein). This is in addition to the imported Turkish products from the ‘an-Nawras’ group (Yilmaz, Takin, Asmahan) and even the Egyptian one (as-Sohagi) being brought through Bab as-Salama border crossing, in addition to the locally produced bulgur in some villages. But the fiercest competition is with international-aid bulgur, which gets bought after its delivery (from stores in front of the distribution center), re-packaged and sold in the market (Box 4). Thus, and even if such aid is limited and mostly exists in IDP camps, bulgur is sold at very low prices (600 SYP/kg) in Shammarin, Bab as-Salama, Tleel ash-Sham, Tatiyyeh, and central district of Azaz. Selling aid is also a phenomenon that exists in NES and

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55 Produced by al-Akkad for industry and trading in Damascus Countryside, Sweida road [https://www.sedihisham.com/](https://www.sedihisham.com/).  
57 data from the foundation of research and consultations in Beirut, which has an indicator for the prices in Lebanon.  
59 During the study period, Tayy neighborhood was under the control of the pro-government "National Defense" militias.  
60 [https://www.nawrasfoods.com/ar/iletisim.html](https://www.nawrasfoods.com/ar/iletisim.html)  
61 [https://www.enabbaladi.net/archives/170104](https://www.enabbaladi.net/archives/170104)
Box 4. From interviews about the reselling of aid in Azaz

Usually, beneficiaries get more goods than needed. So, they sell them. Or maybe they need other things more urgently, so they sell some of the received aid, depending on their lower need, in order to buy with the money they get other needed goods. The beneficiaries either go to aid wholesale trading stores themselves in order to sell the goods, or those who work in the trade of aid goods go standing near the distribution points, publicly, so that those who want to sell can come to them directly. There is another way, and it's through the "roamers", who go around the residential neighborhoods, IDP camps and villages and call out for aid goods to buy. At the end of the tour, they go to the aid wholesale traders in wholesale and sell them to them.

There are also other ways to capture the relief goods, obtaining large quantities from the warehouses of the relief organizations through the corruption networks... There are also cases when the aid is obtained thanks to connections (red tapes). The local councils ask sometimes the relief organizations to add a list of beneficiaries consisting of the relatives of the members of the council. All of those do not deserve aid and their aid baskets end up for sale in the market.

In general, the aid goods are sold to the consumer at a much lower price than the normal market prices. This is particularly the case with food products, such as sugar, vegetable oil, vegetables, rice, bulgur and flour. The price differences increase when it comes to non-food items, such as cleaning and winter materials like blankets, mattresses and such. The reason behind these price discrepancies lies in the difficulty in differentiating between the aid and non-aid food products, in shape, content, and quality. Unlike non-food items, which have clear features, so it is easy to distinguish between aid and non-aid items, even if they are of similar quality. In general, the trade of aid materials competes in prices with the goods in the market of the city... Most of which are of Turkish origin, for the Turkish government and AFAD organization force to tender and buy most goods from Turkey...

The reason that that trade of aid has become so large is that the aid is delivered to those who do not deserve it or to people who do not need it or do not need that much of it or do not need certain products that come in the basket. This has many explanations, as some people cheat with the relief organizations in many ways in order to list more family members than the existing or increase the number of households or claim that the father is dead and such in order to get more aid. In addition to that, the unemployment and the lack of job opportunities push many to work as aid traders because it does not require that big amount of a capital... Some organizations try to move to a voucher system instead of baskets in order to limit the trade of aid... But this has not changed the situation very much... The growth of the wholesale aid traders could reach funny levels. One such traders presents himself with a business card saying that he is ready to provide cleaning material baskets for relief organizations. This is while his materials come from the relief organizations themselves.

The trade of aid offers the money that the poor needs... while there are poor people who deserve aid but are not getting it...

We sometimes get aid materials from other cities where there is more distribution. For example, the materials are conveyed from Afrin, which has more distribution, to Azaz, which has little distribution. However, in the end, if the war and the crisis end, the aid flow shall end, and this aid trade will automatically stop.

There is no role for the local council in preventing, controlling or monitoring the aid trade. The aid trade is not considered an illegal or outlawed trade...
Thus, the value chain of bulgur is dominated by certain actors who are able to import large quantities of wheat, treating it, then distributing it. Apart from the possibility of bringing wheat from NES, where most Syrian wheat is produced, two mechanisms change the chain of bulgur. On one hand, Turkey heavily interferes in this market, through dumping subsidization, especially after the Southeast Anatolian companies gained a major role in the Iraqi market after the American invasion. On the other hand, the flow of aid bulgur leads to a remarkable drop in the prices, which could negatively affect local production. These acts of selling aid or subsidized products exist in all areas, but to a lesser extent.

Figure 6: Distribution of bulgur prices in Azaz and its area

3.2.3 Pasta

Pasta, like Bulghur, is made from wheat, and its value chain follows the ability to control bringing or importing wheat, manufacturing it, then distributing it.

In Tartous, “Dana” brand appears to be the preferred in the market. It is manufactured by the “Habsha Group for Manufacturing and Trade” in an-Nabk near Damascus. Then there is the “Fiorla” brand, manufactured by Al-Akkad Group (Hashem Anwar Al-Akkad, who became an MP in 1994, then was added to the list of sanctions, then the Syrian authorities provisionally froze his assets in February 2020). There are also types of pasta with no brand. Prices in Tartous are a lot cheaper than in Lebanon.

Dana brand is also prominent in Qamishli. It’s brought there through the Raqqa crossing connecting SDF controlled areas with the Syrian government-controlled areas. Its popularity comes from its good quality, despite the presence of competition from pasta made in Turkey with cheapest prices that is brought through the Kurdistan Iraq crossing. Prices in Qamishli were largely adjusted between August and October 2020, due to the conditions of passage through the crossing.

It is also noteworthy that Dana brand also exists in Azaz and its surroundings. It is imported also from Turkey through the Bab as-Salama border crossing. The prices are similar to those in government-controlled areas apart from the adjustment that occurred in October 2020, which means that Dana is imported to Turkey or manufactured there too. There are also the Turkish pasta brands Omiz and Oba, and pasta that comes with aid but gets sold in stores, albeit in much smaller quantities than bulgur. What is worth noting in the interviews is that some poor quality re-marketed pasta is fraudulently repackaged locally under the name "Dana".

Thus, the example of pasta highlights the ability of big industrialist actors in government-controlled areas to dominate not only the market there, but also those in other areas, even through Turkey. Those industrialists are able to deliver their goods through checkpoints – and their risks - in areas outside government control, or even import, or perhaps manufacture or package, in Turkey or Iraq, before delivering to these areas. This is despite the competition with Turkish pasta and that of re-marketed aid.

3.2.4 Chicken meat and eggs

With the major increase in the price of other meats (sheep and cows), chicken meat became the most consumed in most areas of the country because of its relatively cheap prices. A kilo of beef is five times

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63 https://www.alhabshagroup.com/
more expensive than a kilo of chicken, and sheep meat is more expensive than both. Residents of all areas have been buying chopped chicken meat instead of a whole chicken.

In 2010, Syria’s gross production of chicken meat reached 191 tons a year (10% of it approximately was organically grown in small farms). Most of the production was concentrated in the governorates of Hama, Aleppo, Tartous and Dara’a (figures 7 and 8). A part of this produce used to be exported to neighboring countries. But the production dropped during the years of the devastating conflict to reach a mere 100 thousand tons in 2014 (-52%), only to rise to 122 thousand tons in 2018.

Aleppo Governorate was the most affected by the drop of production (-50%), whereas Tartous governorate increased its production by 9%. Al-Hassakeh governorate also increased its production and largely so (+77%); however, the size of this production was very small to begin with.

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65 For the latest published statistics check the Ministry of Agriculture website http://moaar.gov.sy/
As for Idlib, government data in 2018 contradicts the 2010 situation when Idlib used to produce most of the chicken in the Northwest at competitive prices\textsuperscript{66}. Idlib now struggles, as does Azaz, with the competition with cheaper Turkish chicken.

**Tartous** and its surroundings consume a lot of chicken, even normally, especially that it is part of Alawite rituals and holidays, which occur every month. Chickens come from several poultry farms in the governorate, even in Safita. However, it is worth noting that the price of chicken in Syria follows the “Umm Ayman” stock market\textsuperscript{67}. Umm Ayman is the nickname for Ms. Turkiyyah Al-Saqqa, who lives in Al-Zahrara neighborhood of Homs. Prices in this stock market change depending on the changes in the prices of basic raising products (corn and barley), on a specific tax (called Dhamima”) and on eventual diseases that might spread in poultry farms. “Umm Ayman” protects the interests of chicken raisers. The prices of this market often collide with the prices that the Ministry of Domestic Trade tries to impose, especially that frozen chickens are smuggled into Syria.

The poultry sector is battling through a real crisis today because of the major increase in the prices of fodder, most of which is imported by big traders\textsuperscript{68}, constituting ¾ of the cost and of the difficulties in importing medicines. Dozens of poultry farms had to close down in Dreikish and Sheikh Badr areas. Chickens were reaching Tartous from Hama, where poultry farms are huge and can bear the floundering of government policies in this domain.

There are no real poultry farms in NES, because there are no hatcheries, and many of those that do exist in Qamishli, as well as in Hassakeh (Rudy, al-Hayel, al-Youssef) stopped producing due to cumulative losses. Thus, the number of poultry farms reduced by 50% compared to the pre-war era. The market there is distributed between several slaughterhouses (Firas, Riyad, al-Amriki, etc) for chicken coming mainly two sources: either Mabij (or perhaps originally from al-Bab) or Turkey (through Semalka border crossing), in addition to the few remaining local production. Before the conflict, chicks and red small chickens would be brought from the government-controlled areas, but the costs of transportation and crossing have become exorbitant. These issues do not attract the attention and interest of the AANES. There were attempts to found shareholding companies to raise chickens in Hassakeh (in Twaineh village) but those also failed. Generally, it seems that the chickens imported from Turkey have started to dominate the market in NES. This is probably due to the lack of local expertise in this domain, in spite of the availability of fodder, especially malt.

As for **Azaz**, most chickens are local, from poultry farms in Sajjo, Kafar Kalbeen, as-Salameh, Shamarekh, Kafra, and Dabeq, as well as from the city of al-Bab which dominated most of the Azaz market in October, and who is unique in its prices that are much cheaper than Azaz. In the nearby areas, too, there

\textsuperscript{66} Refer to the original monitor interview in Azaz 37.  
\textsuperscript{67} https://bit.ly/2RNboww6  
\textsuperscript{68} Interviews indicate that the major fodder importers are Tarif al-Akhras, Hussam Qaterji, and Issam Unboubeh.
are poultry farms (al-Bab, Soran, ar-Ra’ie, Mare’a, Akhtarin, Jarablus, and Manbij\(^\text{69}\)) in addition to the areas of Afrin and Idlib, some of which (Harem, for instance) send chickens to Azaz.

Before 2011, northern Aleppo and the surroundings of Idlib were famous for poultry raising. But the number of poultry farms in the area around Azaz decreased significantly during the years of the conflict, especially after that the combating factions captured large exemplary poultry farms. The market there started struggling with the competition of the Turkish chicken and also with the lack of guidance and assistance which used to be provided by the Ministry of Agriculture (support and loans, supervision and growth monitoring, etc.), as well as with different obstacles (seasonal illnesses, the shortage of veterinarians, expensive fodder, etc.). Specialists indicate that only al-Bab area is still actually raising chicken, but chicks are being imported from Turkey. The rest of the chickens is being imported either alive from poultry farms in Turkey or as frozen meat brought from Ukraine or the United States via Turkey. The same goes for eggs. And even when chicken is raised locally, fodder is brought from Turkey, for it has hormones that speed up the raising process, in comparison with organic chicken. As for the chickens that are brought alive, their quality is lower than the Syrian chicken and they have to undergo the troubles of transportation. The local councils have no role in regulating the value chain of chicken, apart from receiving complaints in case there were poisoning cases. The market of local-chicken in Azaz and its surrounding areas has come to rely on “AL-Khudairi”, who is the biggest poultry trader in al-Bab and who produces his own fodder in Turkey. He also has a fleet of trucks that he uses to transport his production even to the city of Aleppo. The interviews referred to the failure of a project carried out by the “Interim Government” for advanced hatcheries in the vicinity of Azaz due to the Turkish government’s interference, as well as to several incidents of imported chicken unfit for human consumption. Despite all this, the prices of chicken are similar to each other in all areas, and they did not see the leapfrog increase that was observed in Lebanon\(^\text{70}\).

<table>
<thead>
<tr>
<th>Eggs (12)</th>
<th>2020</th>
<th>SVP</th>
<th>NES</th>
<th>NWS</th>
</tr>
</thead>
<tbody>
<tr>
<td>August/April</td>
<td>287%</td>
<td>142%</td>
<td>173%</td>
<td></td>
</tr>
<tr>
<td>October/August</td>
<td>4%</td>
<td>31%</td>
<td>48%</td>
<td></td>
</tr>
</tbody>
</table>

Therefore, after that Syria has been a major producer of chicken, one that covers the local needs and exports the surplus, the value chain of chicken and eggs began to collapse even in areas such as northern Aleppo and Tartous, where production was concentrated. The market in both NES and NWS became dependent on the Turkish and international production (Ukrainian and American), while many chicken raisers seek, at best, raising imported chicks after having incurred major losses. The same scene is being repeated in government-controlled Syria and the governorate of Tartous. With the inability of the authorities to support, the value chain of chicken is going to concentrate around a

\(^{69}\) Regarding Qamishli and its countryside: saying that Manbij is the source of chicken is based on the fact that all chicken production areas are in northern Aleppo.

\(^{70}\) Apart from Qamishli’s jump in October.
few local actors who can import fodder and medicine and incur losses in a highly volatile market, in the face of major importers.

3.2.5 Milk and infant formula

Despite the still strong connection between the three concerned cities and with their rural surroundings, they all experience the significant competition between fresh cow milk produced in nearby villages (and sold loosely) and bottled milk produced by big companies. Consumers still prefer fresh milk and use it to extract butter and make cheese. And it is generally cheaper than canned milk. However, the supply chain of fresh milk often suffers from insecurity, as “checkpoints stop carriers that transport milk and they take the cream,” according to some interviews, and it suffers from a decline in the raising of cows in villages.

In Tartous, despite the strong ties with rural villages, “Newpark” brand is very present (Newpark for food industries71 in Saahnaya, near Damascus, Kanaan Hijazi) as well as “Huda sh-Sham” and “Milkman”72, against the brands “Hawa sh-Sham”73 and “Goody”74 in Lattakia. Average prices made a leap increase between August and October. “Now you search the whole village to find someone who has a cow and sells milk, you have to register your turn one week ahead in order to buy from him... people have deserted the land”, as in other interviews. Most milk started to come from inside Syria (Damascus, Homs, Hama, and Aleppo) where there are big cow farms.

Qamishli has not seen this phenomenon, and milk is still being produced in the farms on its outskirts, some of them are big. However, between August and October, prices also increased significantly, also due to the increase in fodder prices.

As for Azaz, it has four establishments that produce milk and cheese, and it raises local cows, but it relies on expensive fodder which is imported from Turkey. This pushes those establishments to mix fresh milk with imported powdered milk and starch, what leads people to consume bottled milk imported from Turkey (Mafis, Milk On, and Denge brands). One of the interviewees said that the ranching sector “expanded tremendously during the past few years due to the unemployment and the scarcity of job opportunities, what led people in villages and sometimes in the city of Azaz, to raise cows in order to get an additional income... but, before the war, a rancher used to get several kinds of support which aimed at expanding livestock. The General Establishment for Fodder used to offer subsidized fodder at affordable and encouraging prices. The Guiding Agricultural Units used also to offer free veterinary medicines and check-ups for ranches. Right now, however, there is no governmental body

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72 https://www.facebook.com/Milkman.sy/ which is also located in Damascus.
73 https://www.hs-dairy.com/
74 https://www.facebook.com/%D8%B4%D8%B1%D9%83%D8%A9-%D8%BA%D9%88%D8%AF%D9%8A-949675485177589/
providing any kind of support. The support the NGOs are offering, such as cows, sheep and fodder, goes
to those who didn't deserve it through corruption networks between the NGO and the local councils
which interfere in the distribution directly. There are many ranchers who emerged suddenly, those are
employees of NGOs or relatives of them, and they have relatively big ranches... They have however failed
and incurred losses, because they do not possess enough expertise.” The interviewee then added that
the raisers of cows are struggling with a deterioration in their living conditions and the competition with
local factories and their cheating, and also from imported milk. Other interviews also mentioned the
phenomenon of smuggling of female cows into Iraq and Turkey.

The major increase in the prices of milk in all areas applied also for infant formula, even though its value
chain is somewhat different, and it is sold in pharmacies.

Infant formula imported from Iran dominates the markets in Tartous, especially the one carrying Nestle
trademark brands (Nido, Nan, Kikoz). This is especially after that the big Nestle factory in Khan ash-Sheeh near Damascus was destroyed due
to the conflict in 201375. It was said that it required big investments and needed markets larger than that
of Syria in order to be profitable. In October 2020, other imported and re-packaged brands emerged at cheaper
costs, such as ‘Sky milk’ which comes from New Zealand and is re-packaged in the UAE76.

Similar Iranian infant formula are also dominant in Qamishli and imported through Semalka crossing
from Kurdistan in Iraq. They compete with others that are produced (or packaged) in the UAE and
distributed in Iraq, such as ‘Cerelac’ and ‘Confy’.

Otherwise, Turkish brands dominate the market in Azaz, coming through Bab as-Salama or Bab al-Hawa,
such as ‘Baby Lac’ and ‘al-Maa’ida’, competing with Emirati milk branded “Reno” and with bottled milk
that is imported from Turkey and packaged in Aleppo called ‘Dabdoub’77. It is noteworthy that infant
formula was cheaper in Lebanon in October than in all regions of Syria.

Since the destruction of the Nestle factory near Damascus in 2013, it has become clear that infant
formula came to rely entirely on importation (from Iran, the UAE, and Turkey), and that its prices are
affected by the changes in the currency exchange rates and the ability to import it. Its prices raised in
all areas to become similar, perhaps due to the massive need for it, and the “smuggling” between
areas controlled by different authorities. It does not seem that international aid is providing
quantities of infant formula that would affect the market.

75 http://bit.ly/3qlbT41
76 https://www.facebook.com/320384928510125/posts/631633907385224/
77 https://www.facebook.com/dabdub123/?ref=page_internal
As for fresh milk, only the northeastern region still maintains a significant local production capacity. At the same time, its production systems are collapsing in the government regions and the Northwest alike, in light of the high prices of fodder and medicines and the lack of support, to have the market dominated either by major food companies that use imported dried milk that they mix with local or by directly imported packed milk.

### 3.2.6 Red lentils and chickpeas

Major food companies dominate the lentil market in Tartous. These companies include ‘Sidi Hisham’\(^\text{78}\), ‘ar-Rabi’\(^\text{79}\), and less so ‘Wimpy’, ‘al-Layth\(^\text{80}\), and ‘Dreikish’. There is also the lentil that is distributed by the Syrian Trading Company, and others that are sold loose, without a trademark. Prices of lentil recently underwent lots of ups and downs with the collapse of the exchange rate. One interviewee said that “when I would ask about lentils in one of the shops in al-Mahatta neighborhood in Tartous, the shopkeeper refrained from answering me, and when I inquired why, he said ‘I will not sell it now, not until I make sure how much its current prices is. Every person tells me a different price’.” The lentil prices are also much higher in Lebanon than in Tartous.

‘An-Nawras’, the Turkish-Kurdish-Iraqi company\(^\text{81}\), dominates the market in Qamishli, along with the local loose lentils, or the ones sold under the ‘ar-Rafidayn’ trademark; knowing that part of the lentils are brought from government-controlled areas, incurring costs and difficulties in the transportation because of the checkpoints and the measures on both sides. One interviewee found it strange: “We import flour or lentils or bulgur from Turkey and from other countries, and we are known, in our area, for the cultivation of all of these.”

In Azaz, ‘Ain ash-Shams’ brand dominates the market. It is packaged by ‘Al-Omari’ company in al-Bab city. There is also the ‘at-Taweel’\(^\text{82}\) brand, in addition to the local lentils of good quality (called ‘ICARDA’ lentils). The Turkish authorities exceptionally allowed for Syrian lentils produced in the area\(^\text{83}\) to be exported through the ar-Ra’i crossing. This was in order to stop it from being exported to government or

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78 Which are produced by al-Akkad Company, Hashem Anwar Al-Akkad, refer to the chapter on bulgur. The company was established in 1985 [https://rabiefood.com/](https://rabiefood.com/).
79 Near Safita, it’s owned by Abu Ali Khudr al-Jeiji, refer to the chapter on bulgur.
80 Yasser Deeb establishment in Tartous.
81 The main an-Nawras HQ in Turkey, it has other branches in Kurdistan Iraq (Erbil, Sulaymaniyah, Kirkuk, Zakho) and also in Germany and Sweden. Check [https://www.nawrasfoods.com/](https://www.nawrasfoods.com/).
82 Packaged by Ghirbal, Talal at-Taweel’s establishment.
83 [https://www.enabbaladi.net/archives/289957](https://www.enabbaladi.net/archives/289957)
SDF controlled areas. Eventually, Turkey allowed recently the exports of a few products from Syria, such as wheat, malt, lentils, cumin, potatoes, and olive oil, especially given the quality of Syrian products and their low prices.

In Azaz and NWS, the repackaging of aid lentils and their reselling in the market are very active. There are major suspicions that such practices occur also in government-controlled areas, even by some major companies.

The value chain of chickpeas in Tartous is similar to that of lentils, with the addition of a local brand called ‘Khayrat Bladi’\(^{84}\). The same goes for Qamishli. In Azaz, on the other hand, it appeared that chickpeas are not always available in stores because “there is no high demand for it.” The market is divided between ‘Ain Shams’ brand (Al-Bab) and ‘at-Taweel’, and chickpeas with no trademark, whether locally made or repackaged aid chickpeas.

Therefore, the value chain of lentils and chickpeas is interestingly framed around big agricultural commercial establishments, whether Syrian or from the neighboring countries. It is also interesting how the exportation mechanisms – especially to Turkey - and the aid food baskets and their reselling factor into determining prices and actors. This is while local production is significantly decreasing.

### 3.2.7 Tea, Sugar, Rice, and Salt

Tea, which is an essential popular drink, stands as an interesting case among the value chains that have been examined. The ‘Layalina’ trademark dominates the market in all three cities in question, and in their surroundings. The “Zain Brothers”\(^{85}\) group – based in Latakia and which operates since the 1920s, having offices in Gaziantep\(^{86}\) - distributes tea imported from Sri Lanka under the ‘Layalina’ brand. It is able to compete even with Turkish and Lebanese importers. “Zain Brothers” is also active in the trade of several other products, such as food, fodder, iron, cement, wood, marble, and granite.

In Tartous, trademarks such as ‘Karazeh’\(^{87}\) and ‘Leo’ (by Metro Trading Company\(^{88}\)) compete with “Layalina”, in addition to the tea sold loosely and without a brand. All of those are a little cheaper. This is while the Syrian government started to distribute tea through the ‘Smart Card’ in 2020, at a price of 4,500 SYP/kg, with a maximum quantity of two kilograms per family every month. But reports show that subsidized tea is rarely available in the government selling points\(^{89}\). The competition in Qamishli and NES is on a lower scale (there is “Bico” tea brand from Kurdistan Iraq), and Layalina tea passes through the Raqqa


\(^{85}\) [http://www.zeinbros.net/](http://www.zeinbros.net/)

\(^{86}\) In turkey under the name of ad-Dimashqi company [https://www.facebook.com/aldemaskl/posts/1003424826470632/](https://www.facebook.com/aldemaskl/posts/1003424826470632/).

\(^{87}\) [https://www.facebook.com/sweidco/](https://www.facebook.com/sweidco/) packaged by Soueid company which was founded in aleppo but is now based in Turkey [https://www.sweidco.com/](https://www.sweidco.com/)

\(^{88}\) [https://www.facebook.com/liaoSyria/](https://www.facebook.com/liaoSyria/) it is also headquartered in latakia.

crossing. The same goes for Azaz and NWS, where tea is imported from government-controlled areas through Sarmada, as it appears. It is noteworthy that the price of tea in Lebanon is higher than that in Syria, reaching the equivalent of 20,000 SYP/kg in August and 22,000 in October. Also, tea prices are higher in Turkey, given the difficulties that Turkish tea producers face in reaping their harvest because of the lockdown measures and the effects of the COVID-19 pandemic. It is also useful to note that the international statistics indicate that Syria used to import around 108 million US$ worth of tea in 2010, 85% of which would be from Sri Lanka, while the statistics of the end of 2018 do not indicate imports for more than three million US$ worth, imported from India, Lebanon, China, and the UAE.

Sugar is also imported, but its sources are varied. In Tartous, the brands of ‘al-Rabi’
93, ‘Crystal’
94 (both of which are packaged in a factory in Jubb al-Amlas near Safita), ‘al-Hadeel’, and ‘Sidi Hisham’
95 dominate the market. As for Qamishli, the ‘an-Nawras’ brand, imported from Turkey, overwhelms the market. In Azaz, the brands of ‘Rose’, “Inaia’, and ‘Shu’a’
 are imported from Algeria or Europe via Turkey thanks to “exceptional authorizations” granted by the Turkish government to only three traders in the area it controls.

Interviews indicate that “Sugar comes to the Tartous port through one importer who dominates the entire market in Syria, and that is Tareef al-Akhras, and that fact is known to everyone. The packaging factories buy sugar from the owner of the only governmental license, through his office clearance in al-Mina neighborhood, and, there, the pricing and the margin and profit of packaging is determined. Sugar is sold via the “Smart Card”, but the subsidized quantities quickly vanish from the markets of the "Syrian Trade Company". The habit of re-selling subsidized sugar is commonplace, so are the practices of traders and industrialists to withhold quantities from the market in order to raise the prices”. It is worth noting that the Sugar prices in Lebanon were, in August, similar to those in Tartous, and rose by 30% in October.

The interviews also indicates that Azaz relied, until 2015, on bringing sugar from government-controlled areas - but the Kadri company, owned by someone from al-Bab, managed to import sugar under the “an-Najmeh” brand from Algeria and China through Bab Al-Salama, before that Turkey allowed also the other players, such as ‘al-Haytham company’. There is no subsidized sugar subsidy there, but there is re-selling of aid basket sugar, albeit on a limited scale, as well as “smuggling” of sugar from Turkey.

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93 As it is with bulgur, see above.
94 Produced by Mena Crystal for Sugar, which is owned by Aman Group, which is owned by Samir Foz, and sanctioned http://bit.ly/3ipazKZ.
95 Produced by al-Akkad company, see above.
Large monopolies characterize then the value chain of sugar as it is the case of tea, apart from the fact that the monopolies are different in the three different areas of control. It is worth noting that the international statistics shows that Syria used to import up to 660 million US$ worth of crude sugar in 2010, 69% of it from Brazil, re-exporting 187 million US$ of it to Jordan, Iraq, and Sudan. The last statistics of 2018 show that Syria imported only some 152 million US$ of crude sugar, coming from France, Egypt, Brazil, Turkey, and Morocco, without re-exports. This means that the average per capita consumption of this basic material has decreased to a third, and that the supply mechanisms are confused and distorted by the unilateral measures.

Syria does not produce rice. And the rice that is imported and sold in Tartous is packaged by ‘ar-Rabi’e’, ‘ar-Reef’, and ‘Sidi Hisham’. However, there are large quantities of brandless rice or even rice packaged as that of “The General Trade Establishment”, being subsidized rice re-circulating in the market. The prices of rice in Lebanon are double those in Syria. In Qamishli, the an-Nawras company has the largest share of the market, but some of the rice that is brought from the government-controlled areas. This is while al-Omari company from Al-Bab has the largest share of the rice market in Azaz (Ain Shams brand), with large quantities of international aid rice resold in the market.

International statistics indicate that Syria used to import 317 million US$ of rice in 2010, from Egypt, Thailand, the USA, and Oman… but this deceased to 66 million US$ in 2018, with the main sources becoming India, China, Thailand, Portugal, Spain, and Turkey.

As for salt, most of what is sold in Tartous is local salt, under the brands of al-Batoul, ar-Rashed, ar-Rabi’e’, as-Sawwaf, ad-Dreikeesh, and Oscar. The prices of salt in Lebanon are double those in Tartous. As for Qamishli, the an-Nawras brand, imported from Turkey, dominates the market, with the presence of other Turkish salt, branded Zeer, and of local salt, the al-Ahlam and al-Hayat brands, brought from Aleppo. In Azaz, salt is mostly Turkish (Sohan, Izin, and Anouran brands)

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100 [http://www.alrashed-co.net/](http://www.alrashed-co.net/)
Therefore, the value chains of tea, sugar, and rice, which are imported products for essential consumption, clarify the role of major monopolies, especially their role in dominating the market in certain areas, depending on the ties with the \textit{de facto} authorities of the area. Such monopolies can extend to all areas of Syria, as it is the case with tea. As for salt, the Syrian production did not hinder the market domination by a single actor, as in NES.
3.2.8 Vegetable oil and tomato paste

Syrians rely more on vegetable oil for their dishes after that the prices of olive oil, that the country produces in large amounts, rose. In Tartous, the brands in the market are ‘Ferzat’, ‘Clara’, ‘Tina’, and ‘Florina’. The Syrian brand ‘Ferzat’ holds a large share in Qamishli. And it is interesting that it is imported through Semalka crossing with Kurdistan Iraq, not through Raqqa. There are also Turkish brands such as Omay, which is cheaper and dominate by the way the market in Azaz. Other Turkish brands are present, such as Ona, Ain ash-Shams, and az-Zeer, which are imported through Bab Al-Salama, despite the fact that most of the major traders of oil are in Sarmada (such as through Zumurrud company). The survey showed that oil prices, in all areas, change daily, with the changes in exchange rates. This was mentioned in one of the interviews in Tartous: “Could you imagine that I bought vegetable oil for 40 thousand SYP, and the next day it was for 36 thousand SYP only!?”. The origin and type of oil are also unclear. It was indicated that most of it is sunflower and soya oil coming from Ukraine and Russia before it gets refined. But most quantities probably come from Turkey through official and unofficial means. And it is remarkable that the AANES opened recently a vegetable oil factory, funded by it, with an aim at self-sufficiency, under the name "al-Warda ath-Thahabiya", in a contract with a partner, co-founder and co-producer, "al-Hasan for Trade", which used to be active in Afrin. The production capacity is of 300 tonnes (!) daily, which will also provide fodder from the refining waste.

Also, to be noted is that there is subsidized vegetable oil in Tartous. However, it is not very present in the outlets supported by the Syrian Trade Company's through the smart card. This is especially that the Aleppo-based governmental “Syrian Industrial Company for Vegetable Oils” faced problems in procuring cotton seeds which are used in making such oil. Then it went filtering soya beans, but it faces fierce

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101 Produced by Furat company for food industries (famco) between Homs and ar-Rastan, which is owned by Mohammad Tlass Ferzat, who immigrated to Turkey 2012 and established factories there and in Egypt, before he returned to Syria after the 2018 "reconciliations; http://4e-syria.com/?p=2607 http://bit.ly/3bUVVd The company is active in several other domains https://www.enabbaladi.net/archives/80830 and distributes in several countries including Turkey, Iraq, and Jordan.

102 Produced by the Syrian-Lebanese company for food products (SADRO) in Homs and Latakia, which is owned by the Lebanese Alaa Mustafa Yahia http://bit.ly/3c7Zjrl.


104 Produced by Tarif al-Akhras Group for food industries in Hasiya, near Homs.

105 Alta, 2017 a, b & c.


107 https://www.youtube.com/watch?v=nUWKoMWYdAQ
competition with the existing private companies. Consequently, "the subsidized vegetable oil was not available for six months, and for one time only, we got one liter."

Otherwise, vegetable oil is widely available in the market and in many varieties, at much higher prices. Although there are doubts that some of the oil sold in the markets is that of international aid. In Azaz, vegetable oil is largely included in aid baskets creating abundance so that some gets resold in the markets of NES and government-controlled areas. One interviewee said that “the trade of vegetable oil is not monopolized by certain traders, but any trader can import it. Yet traders sometimes struggle with the competition with the oil that comes in aid baskets and gets sold in the local market at prices that are lower than the imported goods. That is why some traders in the local market buy the oil from beneficiaries of aid baskets and sell them at the same price as the imported oil, in order to preserve the price thereof and to prevent some traders from messing with the prices and affecting the imported goods.”

As for tomato paste in Tartous, there are the brands of ‘Hada’eq Ghadaq’108, ‘Delta’109, and ‘Emma’110, all of which are made in Syria. As for Qamishli, there are the Iran-made “Azar” and “Shakeeb”; the second being more present in the area. This is while the competition in Azaz is between Turkish products (Dora and Kontai brands111) and local products.

| Box 5. interview about olive oil in Azaz |

**Difficulties of cultivating olive:** Olive cultivation is currently facing difficulties that have to do with providing materials and pesticides, as they cannot be provided from “regime” areas nowadays. Instead, there are materials from Turkey, but they are not of the same quality, as if it had expired. Otherwise, all of the costs of caring of olives, of farming the land, to pruning, to reaping the harvest and everything else, have the fees of workers paid in Turkish pounds. These costs increase continuously. Every tree that is planted costs around 40 Turkish pounds every year (60 pounds for irrigated ones), whether it bore fruit or not. As for reaping the olives, it costs 40 Turkish pounds per tree, or less, depending on how much olives on the tree. A worker gets, for a full working day, 4,000 SYP.

**The role of the oil press:** Olives are transported from yards to the oil press, where it is pressed in exchange for a share of 8%. The owner of the press gets the pressed olive leftovers and the other leftovers and creates Pyrene, which is used for heating, and the oil that is used in manufacturing Aleppo soap. All of this is considered the fee of the press. The producer pays the cost of 1 US$ per empty oil tank. The press' share from the olive as a whole is considered large and profitable, given the low costs that it bears.

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110 Manufactured by a Taybat company
111 Talal al-Taweel establishment
Trade and marketing: Edible olives are sold in SYP; oil in US$. It is considered one of the desired products because every house needs oil. Therefore, the person selling oil, whether he was the original manufacturer or the owner of the oil press or a wholesale trader, does not have any difficulty selling it. Previously, oil used to be exported to Aleppo and the “regime” areas. But with the road shuts and the increase in the costs of shipping and passing, manufacturers generally resort to selling oil to Turkish traders or their local agents. This led to an increase in the price of oil because of the increased demand on it. The price of a 16 kg oil tank is between 20 and 30 US$, depending on the quality of the oil and the percentage of acidity in it. Olives are considered the main harvest in the area, and the area is renowned for it, and it could be considered the main item that the area exports.

Difference between the situation now and before the “revolution”: Producers used to benefit from support of the Ministry of Agriculture, which aims at developing the cultivation of olives. This support used to include seedlings, winter and summer fertilizers, pesticides, consultations, and more. All of these things are no longer offered by any side. Some NGOs offered intermittent support. But this support was also selective, and it was directed to those who are related to the employees of NGO who get to choose beneficiaries and distribute to them, the same with all aid that is offered by the NGOs.

Combatants and olive production: Military factions control the area from Afrin to the western outskirts of Azaz. They lay their hands on all the farming lands whose owners cannot prove their ownership with documents and witnesses. Even in this case, the factions capture a part of the harvest under different pretexts. They could even prevent producers or workers from reaping the harvest and threaten them with weapons. The combatants would reap the harvest themselves and sell it or press it then sell the oil in the market or to the agents of Turkish traders who are active in the area. The oil that is produced by the combatants is generally of low quality, because they do not care about having a brand name or a reputation in the market. The owners of oil presses know this all too well and they act accordingly. Such intervention has led many people to leave their lands, to be replaced by the factions. This is similar to a feudal system. Every faction controls an area consisting of a few villages, including the dependent farming lands. Every house construction or agricultural business in the area have to be approved by the leader of the faction, who gets in exchange for his permission, a certain amount of money depending on the required operation.

In general, the producer bears the high costs of production, including the toil and exhaustion and supervision all year long. Daily workers do most part of the work in the production process. These two groups, however, do not fare better than the owners of the oil presses or the traders of oil who control the market through their capitals and the olive that is stored in oil warehouses, and they get relatively big profits that are not merited for their role in the production process.

The role of the local council: There is no role or intervention that is worth mentioning when it comes to the agriculture office or the local council as a whole. All the matters of olive and olive oil go according to traditional habits and practices, with which people grew up. In general, the farmers today need a lot of support with pesticides, fertilizers farming and more, if their living conditions were to improve.

Exporting olives and olive oil: A Turkish company has a monopoly on importing olives and their oil from Azaz and its neighboring areas. Local traders are not entitled to export them freely, even though they obtain a certificate of origin and a license from the local council. In fact, any export needs a commercial registry, a trade license and a certificate of origin, which Turkey used to restrict to the “Interim Government.” However, after that, it accepted the documents issued by the local councils, but selectively for some products, with the exception of olive oil.
It is remarkable that Syria, which produces significant amounts of tomatoes (1.2 million tons per year in 2010 and 2018, mostly in Daraa and Tartous governorates) and which used to export large quantities thereof (400,000 tons of fresh tomatoes in 2010, especially to Iraq and other Arab countries), is reduced to importing tomato paste, especially from Turkey and Iran.

The examples of vegetable oil and tomato paste point to the differences in the value chains of food products whose raw materials are or are not produced in Syria. Before the outbreak of the conflict, agricultural industries had developed and started to concentrate around certain actors, especially those who had access to export markets in neighboring Arab countries. They therefore began to compete with the Turkish food production in the Southeast Anatolia, which developed significantly after the US invasion of Iraq. Due to the conflict, the Syrian industries relying on Syrian raw materials lost a lot of their capabilities, and the competition with Turkish and Iranian products became fierce. As for those that rely on importation, their fate depended on the abilities of their actors to deal whether with the importation networks, with importation sources or to get government subsidy and circumvent sanctions, as well as on their ability to still access Arab markets, such as Iraq.

3.2.9 Fruits and vegetables

The prices of fruits and vegetables in Syria depend on the season and whether or not it is possible to grow them locally. There is a clear increase in the prices when they are moved from one area to another, and a clear competition with the Turkish products in NWS, as well as with those Iranian, to some extent, in NES. In all recorded items, the prices of vegetables and fruits were much cheaper in Syria than in Lebanon.

<table>
<thead>
<tr>
<th></th>
<th>Tartous</th>
<th>Quamishli</th>
<th>Azaz</th>
<th>Lebanon</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Price</td>
<td>Origin</td>
<td>Price</td>
<td>Origin</td>
</tr>
<tr>
<td>Fresh tomatoes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>409</td>
<td>Local</td>
<td>455</td>
<td>Local, Iran</td>
</tr>
<tr>
<td>October</td>
<td>628</td>
<td>Hauran, local</td>
<td>845</td>
<td>Local</td>
</tr>
<tr>
<td>Zucchini</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>357</td>
<td>Sweida, local</td>
<td>371</td>
<td>Local</td>
</tr>
<tr>
<td>October</td>
<td>694</td>
<td>Local</td>
<td>675</td>
<td>Local</td>
</tr>
<tr>
<td>Green beans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>1500</td>
<td>Local</td>
<td>1069</td>
<td>Local</td>
</tr>
<tr>
<td>October</td>
<td>683</td>
<td>Local</td>
<td>936</td>
<td>Manbij</td>
</tr>
<tr>
<td>Cucumbers (1kg)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>389</td>
<td>Local, Al Ghab</td>
<td>480</td>
<td>Local</td>
</tr>
<tr>
<td>October</td>
<td>817</td>
<td>Local</td>
<td>836</td>
<td>Al Bab</td>
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<tr>
<td>Onions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>480</td>
<td>Al Ghab</td>
<td>287</td>
<td>Local</td>
</tr>
<tr>
<td>October</td>
<td>661</td>
<td>Local</td>
<td>382</td>
<td>Local, Egypt</td>
</tr>
<tr>
<td>Apples</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>1209</td>
<td>Local</td>
<td>1110</td>
<td>Coastal, Iran</td>
</tr>
<tr>
<td>October</td>
<td>1222</td>
<td>Local</td>
<td>1425</td>
<td>Coastal</td>
</tr>
<tr>
<td>Oranges</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>1381</td>
<td>Local</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>October</td>
<td>700</td>
<td>Local</td>
<td>1036</td>
<td>Coastal</td>
</tr>
<tr>
<td>Potatoes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>298</td>
<td>Sweida, local</td>
<td>375</td>
<td>Local, Al Bab</td>
</tr>
<tr>
<td>October</td>
<td>611</td>
<td>Local</td>
<td>443</td>
<td>Al Bab</td>
</tr>
</tbody>
</table>

But an interview in Qamishli indicates that “if you compare the situation of the market between now and how it used to be, you will find many differences, perhaps mainly in terms of quality. I mean that the vegetables that used to exist before were organic (Baladiya)... the taste was different, unlike the
vegetables these days, even the fruits... the fruits and vegetables have been affected by the dollar situation... we, as fruit and vegetable merchants, no longer know how to price a kilograms of produce... before, small farms and meadows used to be spread out in rural areas... you would see fruits and vegetables available in their respective seasons in the grocery marketplaces and they would be very fresh. The consumer would not accept to buy anything but fresh produce. When people would be storing their pantry, the price of organic tomatoes would be less than one Syrian pound... but now, I know households that cannot afford fruits!... The Autonomous Administration does not care... true to look from the highest house in Qamishli, you would see the vast soil grounds that are cultivable while they are empty... in Qamishli, you can notice the big supermarket that import food products.” As for the NGOs that work on development, the interviewee said that “they are all thieves, they work for their own benefit, and for the benefit of their pockets... Why do we not see them now? Where have they gone?... they have filled their pockets with dollars and stopped, had they been serious, they would have continued and would have continuously managed to find alternatives.” Knowing that, there were development activities by a number of NGOs that tried to popularize greenhouse cultivation. However, these projects failed or have been stopped due to the lack of sustainability and lack of interest from the Autonomous Administration.

Interviewees in Azaz noted also that the vegetables and fruits are priced and sold there in Syrian pounds, in spite of the immense pressure to deal in Turkish pound, and that the local council activated the grocery marketplace in the city in order to reduce the cost of intermediaries between farmers and consumers. However, the market remains limited to Azaz and its immediate surroundings, without even the other "Euphrates Shield" areas, Idlib countryside, or Turkey. This marketplace is also insufficient to market all the production in its season, what led to great losses for farmers.

The value chain of vegetables and fruits clarifies the difficulties faced by the agriculture sector in all areas, whether due to the Syrian state’s weak ability to support (the same goes for the de facto authorities in areas outside government’s control), the intense competition with Turkey and Iran, the difficulties in transporting products, or because the distribution of these products increasingly relies on selling them in supermarkets, especially in NES, where importation is a better means to procure them. In addition, the markets for fruit and vegetable seasons are often confined to the same production areas, with great difficulties reaching major cities where there are the largest quantities of consumption. In general, the decline of Syria’s agricultural sector seems clear.

3.3. Non-food items

3.3.1 Cleaning products and toothpaste

There are many competing Syrian cleaning products in Tartous market, such as “Madar”, “Noura”, “al-Afrah”, and, less so, “Persil”112, “Prince”, and “Super White”. Brandless quantities can be also bought by weight. In Qamishli, “Noura” brand dominates the market, and is brought through the Raqqa crossing. In Azaz, “Noura” competes with “White Clean”, which is also produced in government held areas and

112 Manufactured by Henkel in Syria https://www.henkel-gcc.com/.
brought through its agent in Sarmada, same with Turkish products and locally manufactured ones, which led to the creation of the “Crystal”\textsuperscript{113} brand. The prices of cleaning products differ widely from one area of control to another, and from one store to the other. But things are more complicated, as Box 2 shows.

Madar and Noura are produced by Madar for Chemical Industries\textsuperscript{114}, owned by Bashar Daaboul, who is considered a “craft master” of chemical industries in Syria\textsuperscript{115}. The Shawaf Group\textsuperscript{116} produces the al-Afrah brand in its Hama factory. Also, the re-marketing of aid products play a major role, and so do the distributors of the big companies, in order for their products to reach all markets.

The value chain of cleaning products shows the case of a product which had been concentrating around some of major players in Syria already before the conflict, and how the means of importation of raw materials, and especially the means of marketing and distribution, play a principal role in this concentration. These major players are still able to reach all areas during conflict, especially if they have a foreign dimension. Whereas the deterioration of living conditions, and the emergence of humanitarian aid mechanisms, especially in NWS, led to the emergence of a devious local competition, in fact with Turkish production.

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
\textbf{Evolution of average prices compared to April 2020. Reach} & \textbf{Laundry detergent} & \textbf{2020} & \textbf{SYP} & \textbf{NES} & \textbf{NWS} \\
\hline
\multicolumn{2}{|c|}{(1kg)}  \\
\hline
\textbf{August/April} & & 287\% & 236\% & 258\% \\
\hline
\textbf{October/August} & & 4\% & 4\% & -6\% \\
\hline
\end{tabular}
\end{table}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
\textbf{Average prices in the 2020 survey. SYP} & \textbf{Laundry detergent} & \textbf{2020} & \textbf{Tartous} & \textbf{Gamishli} & \textbf{Azaz} & \textbf{Lebanon} \\
\hline
\multicolumn{2}{|c|}{(1kg)}  \\
\hline
\textbf{August} & & 2,602 & 1,877 & 1,857 & 8,232 \\
\hline
\textbf{October} & & 2,489 & 3,518 & 3,200 & 9,213 \\
\hline
\end{tabular}
\end{table}

Box 6 - Interview concerning cleaning detergents in Azaz

\textbf{The sources of cleaning detergents and how they reach the market:} Currently, there are the cleaning detergents that come from the regime areas and through smuggling. Normally, these are the well-known brands to which people are accustomed. They have good quality, but the situation on the roads and crossings, and with the fees that have to be paid, all raise their prices in comparison with the prices in regime areas. There are also the cleaning detergents that are imported from Turkey through traders and importers, and via the Syrian-Turkish crossing. They pay the usual crossing fees just as other goods. There are also the cleaning materials that are manufactured locally, they rely on raw materials that are imported from Turkey through importers and wholesale traders. There are some workshops that are considered relatively big, but most local production occurs in small workshops, almost at home.

\textbf{Prices and competition:} The problem today is that most people look for cheap goods and most of the demand in the market is for cheap products. When it comes to cleaning materials, the producer can manipulate the products as much as he wants to, reducing the percentage of the active substance in order to reduce the price so that it reaches the level of consumers’ purchasing power. This is what happens with the cleaning detergents, regardless of their origin. As for the products that come from regime areas, it has the Syrian quality standards. And even though it is not at the same quality as it used to be before the revolution, it is still the best. But its prices are high because of the high percentage of active substance. Before the war, 18 active substances used to be in such detergents. Now, in the local production in Azaz, only 3 or 4 substances are used. Some local industrialists take advantage of the Syrian products’ incompatibility with the purchasing power of consumers to imitate the Syrian product (the regime’s) in packaging and in content, reducing the active substances. This is in order to sell the defective product at a cheap price. The counterfeit occurs in the factories of the liberated areas. Most people do not distinguish, and they buy the cheaper products. As for the Turkish products, they follow a similar course. The Turkish products that are sold in Turkish markets are excellent, but they are expensive and therefore not compatible with the purchasing power here.

\textsuperscript{114} https://madargroup.com/\ The factories of the company were established some 30 years ago near Damascus, but the company is now based in Germany and active in Turkey, Jordan, and other countries.

\textsuperscript{115} http://bit.ly/2LIKVoE

\textsuperscript{116} http://www.shawaf-group.com/\ It is also present in Jordan.
That is why traders of the area go to the manufacturers and ask for cheap products to be made for them, with less active substances and cost, and carry the name of the original product and the same packaging. The producer has no problem to do so, as long as these goods are just for exportation and do not harm the Turkish market or consumer. As for local products that are not imitations of others, they are mostly cheap products, without a trademark, and with medium or low effectiveness, given the deliberate little use of the active substance.

Local industries: The large local factories – not the small workshops - suffer from a product marketing problem, in view of the small size of the local market, the reduced purchasing power of consumers, and its deterioration with the devaluation of the Syrian pound and even the Turkish pound lately. This problem hits most local industries other than the necessary things. If I have experience in manufacturing of detergents, and able to operate a big factory and produce products that compete with the Syrian and Turkish products, the problem is in what would happen if the demand continues to be low? How would I be able to sell my goods? And how can I pay my partners their shares of the profits if I don’t sell? In addition to that, we cannot compete with Turkey and the regime areas because our products cannot compete with Syrian and Turkish products even locally. We have to pay the transportation and transit costs twice: once for the raw materials and once for the manufactured goods. In terms of raw materials, we have no problem, because they reach us quite easily from Turkey, through importers and wholesale traders. As for the small workshops, they normally provide additional income to their owners, not more. These buy the active substances from the market and the small wholesale traders and put it together at home depending on what the customers want (excellent, medium, cheap). They market their products either at shops or through roaming sellers, or to neighbors, relatives, and friends.

In general, the manufacturing of detergents is not considered complicated. It doesn’t need unique expertise or very expensive machines. It is sufficient to have available plastic vessels and raw materials in order to produce detergents. The low quality of the products in the market, regardless of the origin of these products, is nothing but a deliberate thing to reduce the prices. Faced by all that, the manufacturer earns a small margin of profit, because all the operations are at minimal level, in terms of costs, prices, and profits. As for the wholesale trader and the importer, their share never decreases because they get it before everything else. If the general economic situation does not improve, and if the currency in the hands of the people does not regain some of its value, the situation of this industry, or the industry in general, will not improve.

The NGOs' game and the recycling of aid: The NGOs offer excellent food baskets at a high initial value. But, unfortunately, employees of those NGOs play a game in order to siphon off some of the money that is intended for relief. First, let us say that a basket worth 50 US$ contains some cleaning materials, such as laundry detergent, etc. The standards' booklet requires a good quality for the requested materials, the best in the market. Thus, the employee makes a deal with one of the manufacturers or the wholesale traders, especially in Turkey, depending on the quantities that are required, to provide low quality products at cheap prices, and the employee gets a percentage of the price difference, and reveals the bidding prices to the importer who offers a price that is lower than any other offered price. This way, the trader gets some 50 US$ from each basket but he fills it with products which quality may not exceed 20 US$. When these baskets reach the beneficiaries, their bad quality is enough to make them sell them to aid traders without hesitation. And none of the customers of the aid trader would want to buy these baskets. This way, these materials find their way to an aid wholesale trader again who stores them. One way or another, the employee and the trader communicate together and agree on collecting all the products to propose them for new projects, perhaps even to the same beneficiaries in another cycle. Once again, the employee of the NGO gets his share, and the trader also his share, and the beneficiaries are stuck with unusable cleaning materials.

The role of local authorities and the local council: They do not interfere in the manufacturing or trade of detergents, the important thing for them is to have the required tax being paid.
Things are somewhat different when it comes to toothpaste. The market in Tartous has the local brands of “Colgate” and “So White”\textsuperscript{117}, in addition to “Signal”, which is imported from Iran, as well as “Crest”. While the Turkey-produced “Colgate” dominates the market in NES and NWS, with other Turkish brands such as “Sensodyne” and another called “Himalaya”.

The toothpaste case is not very different from that of cleaning materials, except that the major actors are international companies which can better adapt with difficult conditions and the manufacturers, the packagers, and the distributors in Syria and in neighboring countries, as well as with the ways to marketing\textsuperscript{118}. Also, toothpaste is not often included in aid baskets.

### 3.3.2 Diapers and sanitary pads

The prices of diapers change continuously with the Syrian currency exchange rate. In Tartous, there are the brands “Aloha!”\textsuperscript{119}, as well as “Libro”\textsuperscript{120}, “Dreamtex”, “Solo”, “Super Kids”, and “Baby”. These are locally produced. There are also imported brands such as “Hypex” and “Lety” from Lebanon; “Selfie” from Egypt, and many others which are sold without a brand. In Qamishli, there are also the “Original” diapers, in addition to “Hala Baby”, “Lamsa”, which are Syrian, in addition to “Confy”, “Sweet Life”, and “Fly Fix”, all imported from Turkey.

The same goes for Azaz, where diapers are bulk imported from Turkey and then get packaged under different brands such as “Baby Joy”, “Hamsa”, “Dalaa”, “Mimi”, ‘Cleaver’, and others.

As for women’s diapers, “Libresse”\textsuperscript{121} dominates the market in Tartous, and they are also to be found in Qamishli, where they compete with the Turkish “Kiz Lady”, and “Dima”. As for Azaz, the Syrian brand “Libresse” is the most popular, and yet sometimes it disappears from stores and gets

\begin{table}
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
 & 2020 & SYP & NES & NWS \\
\hline
Tooth paste (75 ml) & & & & \\
\hline
August/August & 30% & 30% & 40% & \\
\hline
October/August & 10% & 10% & 10% & \\
\hline
\end{tabular}
\end{table}

\begin{table}
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
 & 2020 & SYP & NES & NWS \\
\hline
Diapers (10) & & & & \\
\hline
August/August & 28% & 28% & 28% & \\
\hline
October/August & 4% & 4% & 2% & \\
\hline
\end{tabular}
\end{table}

\begin{table}
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
 & 2020 & SYP & NES & NWS \\
\hline
Sanitary pads (10) & & & & \\
\hline
August/August & 28% & 22% & 14% & \\
\hline
October/August & 4% & 3% & 2% & \\
\hline
\end{tabular}
\end{table}

\begin{table}
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
 & 2020 & SYP & NES & NWS \\
\hline
Sanitary pads (10) & & & & \\
\hline
August & 4,129 & 909 & 550 & 4,114 \\
\hline
October & 1,315 & 1,250 & 570 & 5,419 & \\
\hline
\end{tabular}
\end{table}

\textsuperscript{117} Manufactured by the aforementioned Madar company.
\textsuperscript{118} \url{http://bit.ly/3ivVVRW}
\textsuperscript{119} Manufactured by Sky Joud \url{https://www.skyjoud.com/} which is owned by Haitham Joud \url{http://bit.ly/2NkONFL}.
\textsuperscript{120} Manufactured, packaged and distributed by Flora company, with a Swedish license. The factories of Flora are in Ashrafiyyet Sahnaya near Damascus \url{https://mgs-sy.com/}, it is owned by Mohammad Zuhair al-Ghabra \url{http://bit.ly/2LUXwou}.
\textsuperscript{121} Manufactured and packaged by Flora company, with a Swedish license, see above.
replaced by “Dima”, “Oliz”, “Landa”, “Lamsat Janeen”, or “Media Life”, all of which are from Turkey. There are also those that are packaged locally, such as “Lamsa” and “as-Saada”, and many diapers that are sold loosely, most of which came from the recycling of aid baskets.

Thus, it seems that the sector of manufacturing and distributing of detergents, baby pads and feminine pads is mature in Syria, as they are commodities essential for the citizens' livelihood. Some players are able to expand in all Syrian spheres of influence, as well as sometimes in neighboring countries. However, the competition is great, especially with Turkish products and with what is marketed in recycling aid.

Box 7 - Example from the interviews on sanitary pads and diapers

**Tartous:** Only the companies give fiscal receipts for their products, as for distributors or wholesale traders, they don’t. They write the prices down on a normal paper, but if we ask them for receipts later, they can give them to us. There are many wholesale traders in the market, most importantly Abdul Hameed, who is an agent for around seven companies, including the “Libresse” menstrual pads. There is also “Shaar”, who is one of the strongest wholesale traders, he’s also a trader of grains. He doesn’t give receipts even if the sky falls on earth, and the control authorities can’t do anything to him.

**Azaz:** Every house has children who need daily diaper change. The same is for women’s sanitary pads. Pads are a product that society can’t live without having them easily, and citizens suffered greatly in order to get them in the beginning of 2011 with the emergence of the armed conflict. Pads disappeared at certain moments, with the roads being cut with regime areas, the lack of factories in the area, and so a dependence on Afrin city grew in order to provide for the needs of the area... Given the importance of this kind of products, traders worked on importing the directly from Turkey or through it from European countries such as Sweden. They were imported in large quantities and sold per kilogram, without it being under a certain brand. As for the ones coming from Turkey, they would come in big boxes. But the Turkish pads are no longer in demand from citizens, because the Turkish pound lost a lot of its value vis-a-vis the dollar and raised in value against the Syrian pound. Turkish pads are only demanded by the classes that have good incomes, because of their quality. After the high and increasing demand on pads due to the population growth and the spread of camps on the outskirts of the city, the increase in the price of the imported pads, the cutting of roads with regime areas, and the deterioration of living conditions of citizens, some traders and industrialists opened paper towels and pads’ factories. There are now two factories in Azaz that make pads and paper towels. Their raw materials are imported from Turkey, and they are sold in the public market in the city. The owners of the factories own large stores to distribute at the level of the city and the area. There is more demand on these, because of their low prices compared to the imported pads and those that come from regime areas. The pads that are fabricated locally do not have a brand name, unlike the paper towels which have become known for their trademark.... Also, several factories were opened in the northern and eastern countryside of Aleppo, what created a spirit of competition between the owners of the factories, making them focus on the quality of the product and the reduction of prices in order to sell the most possible goods.

Many humanitarian NGOs target the nearby camps with hygiene kits, that include some cleaning products, soap, and sanitary pads. Most beneficiaries sell them, and it is common to find plenty of sanitary pads that have been bought from the IDPs, and they are sold at low prices for their bad quality. The local authorities represented by the local council have no role to play in providing for the areas needs of pads. It rather worked on offering studies and projects to the humanitarian NGOs to support the disabled and aged people with pads. It managed to give pads to registering members of the two groups of people, and they amounted around 170 beneficiaries for one year? There is no current support to the people of the city with pads. The local council does not consider that it is its job to provide goods, but considers its role is to facilitate the work of traders to import all the non-existing goods.
3.4 Water, electricity and energy

3.4.1 Water

Drinking water is not cut off frequently in Tartous, because many water resources and dams are located near the city, especially the Al-Sinn Lake. However, confidence is weak in the water quality of the public drinking network. This is why the network water or that stored in roof tanks is utilized for domestic usage, and those able to do so use bottled mineral water for drinking. However, many villages in the governorate suffer from rationing of drinking water due to their weak resources and networks.

The network water is available few hours (4 to 10) in Qamishli, mostly during the night and with large differences between the neighborhoods. All dwellings are equipped with storage tanks, that are regularly filled by trucks. In fact, Qamishli obtains its network water from five sources, namely, the Hilaliya station, which have 52 wells, in addition to the stations of Jaqjak, Uweija and Sufan, not to mention the 12 other wells in the eastern neighborhoods. The Al-Safan station near Al-Malikiyah, 85 km away, was the main source for supplying clean drinking water to the city. However, the trucks bring now the water from private wells in the countryside of Qamishli (such as the well in the industrial area and the other in the belt, close to the airport). Also, a main well was drilled in the village of Nafakri, West of Qamishli, at about 5 km, that the AANES uses to supplement its various institutions, while it is not suitable for drinking. Home wells are also common in Arab-style houses, especially in neighborhoods such as Al-Hilaliyah, Al-Hay Al-Gharbi, Al-Antariya, and Masaken Hilko. But the AANES recently banned drilling home wells. All these developments during the conflict led to an estimate that the network provides presently only 16% of drinking water, public wells 13%, trucks 21%, and private wells 50%. The quality of drinking water has also deteriorated in the city. It is no secret that water and its scarcity in Qamishli constitute a negotiation and pressure card between the Syrian government and the AANES, as well as with Turkey. The Syrian government is responsible for securing water from outside the city to its network, while the AANES and its institutions are responsible for maintaining it and collecting fees. This is in addition to the large development of private distributors of drinking water.

As for Azaz, drinking water does not reach the city through the infrastructure network, except once or so a week. And when this water is provided it is free thanks to relief organizations, especially that there are no water meters. Most people rely on water trucks that distribute water, and all dwellings have reservoirs on the roofs for storage.

In fact, Azaz city and its surroundings lack underground water. It also does not have public wells, but private ones that have been dug by people on land that they own. The most important wells are in the villages of Ma’reen, Yazi Bagh, and al-Qastal. Those wells were equipped, and a reservoir was built in order to pump water directly to the main network. These wells only provide water to the northern neighborhoods of the city. Therefore, with such water scarcity, the distribution of water through tanks is the dominant.

122 https://artafm.com/opinion/21961
123 UrbAN S (2020): City Profile Qamishli, page 89.
The situation improved since the “Olive Branch” operation, and the takeover by Turkey and its supported factions of the Midanki dam near Afrin from “SDF” forces. Pipes were extended from the dam to Azaz, passing through Shiran village, where a pumping and purification station had been established, funded by the German GIZ agency, within a negotiation frame between the Azaz City Council and the AANES. This negotiation ultimately failed, and the pumping station remained closed until it was refurbished after that the Turkish army took control of the dam. However, the main ground reservoir in Azaz went out of order because of damage, and it was not repaired for the high cost of doing so. Water is therefore pumped directly into the network, but it is only provided for 10 to 12 hours to some neighborhoods, and depending on each one’s turn, even though the water pressure is random. People have also doubts about the drinkability of this water. After testing it, it turned out that the pollution came from the worn-out network, which had not undergone any maintenance for a long time.

There is also a standing conflict between the population and the local council, which distributes water from the Midanki dam. Most people have refused to pay their water bills (25 Turkish pounds per month for every household) and so the council chose to collect the money through the electricity bill, issued by AK energy, a Turkish company with which the council signed a contract to provide electricity as well as power to pumping stations. But Azaz saw big demonstrations against the raising of the original electricity bills. To keep things as they are, by the distribution of water through tanks.

Reach noticed a significant increase in the average price of drinking water between April and August 2020 in the NES parallel to the decrease in the exchange rates of the Syrian pound, without this being accompanied by a similar increase in the NWS. However, the increase between August and October 2020 in NES was much greater than exchange rate deterioration.

Although, the comparison between the network or trucks water prices in the different regions is very complex, due to the difference in the quality of water supply and its consumption. In Tartous, people rely mainly on the network’s water at 0.7 SYP/l, and tanker supply prices remain in the range of 1.2 SYP/l close to that of the official network, especially since the network’s water is rarely rationed. In Qamishli, the AANES takes 1000 SYP from subscribers to the network regardless of the amount of consumption, while the network’s water is rationed so that it is provided for between 5 and 10 hours every two days, according to the neighborhood and according to the season. Therefore, there is more reliance on filling housing reservoirs from distribution trucks, as the price reached 4 SYP/l in October.

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124 It used to be called the 17 April Dam, it was established in 2004, https://bit.ly/3nZoCYI. The pumps and cables were stolen when the factions entered, which pushed the Turkish Bhar organisation to fix it and repair it. https://www.enabbaladi.net/archives/288016.

In Azaz, water is mainly supplied by trucks, at 17 SYP/l in August, which rose to 18 in October. This means that the cost of a family to secure water is very different between the three cities, and in Azaz and Qamishli, real suffering. The differences are also large within the same areas of control, depending on the availability of the electric for pumping in the network or in nearby wells for filling the trucks. Also, it is worth noting that the prices of selling water tanks in the city of Azaz are about 30% higher than the villages in its vicinity, but they are more than 30% cheaper than their prices in Idlib and its surroundings, except for the case of Atarib, which seems exceptional.

As for mineral drinking water, the brands “Draikish” and “al-Sinn” are dominant in Tartous, and the Iraqi water brand “Tiyan” in Qamishli, supplied through the Semalka crossing, while there are some Turkish mineral waters in Azaz, but it is rarely used due to their high prices relative to income, while the same are much cheaper in the Idlib area.
With the decline of the role of the State and its influence and with the difficulties of providing power for water pumping and treatment, drinkable water is no longer regarded as an essential public service, but is rather often used as an instrument of conflict between the different sides, and is also a means of domination in every area of control. What is noteworthy is that the international aid mechanisms did not succeed in creating a sustained way for the provision of drinking water, even in a small city such as Azaz. So is the case of the countries that dominate certain parts of Syria.

3.4.2 Electricity

In Tartous, most of the electricity is still supplied to this day from the official network, supplied by Baniyas Thermal power Station. The official electricity price is according to consumption brackets (0-600 kWh, 600-1000 kWh, 1000-1500 kWh, etc.). However, the frequent power cuts caused industrialists and some commercial stores to install their own generators, selling part of their production to households, especially at night. The private generation developed even more with many problems regarding their licensing and the municipality’s collection of fees from producers, especially as they were placed in public parks. This is how generators spread in the neighborhoods of Al-Quṣour, Al-Hamrat, and Al-Insha’at with the highest economic revenues, as well as in Al-Karama neighborhood, where the main market is.

The same is true in Qamishli, where the electricity network provides currently 15-20 hours a day. The use of generators decreased after becoming widespread in previous periods, unless there is malfunctioning in a neighborhood. However, the irregular withdrawal of electricity from power lines has also spread in some neighborhoods, to avoid the hours of consumption rationing imposed between them. This in turn led to malfunctions. All this despite the patrols of the Electricity Corporation, that has been put under the authority of the municipal councils of the AANES. As for generators’ owners, they do not reduce the electricity fees they impose, even though the generators only run two or three hours a day. Rather, the entire monthly amount is collected from the connected households, even though that the Generators Committee of the AANES had imposed on the owners of generators to install meters and calculate the fees according to consumption and not as a lump sum. Solar panels have also spread widely, especially in 2018 and 2019. They were imported from Turkey via the Semalka crossing. They were installed in most of the official headquarters of the AANES. However, the demand for it has decreased considerably with the improvement of the generation in 2020, especially since September.

Electricity in Qamishli is supplied from the Tishreen and Tabqa dams. However, the recent improvement resulted from the maintenance of two gas turbines in the Rumeilan field, in addition to the four operating turbines\(^\text{126}\). The AANES has also erected another turbine in the field that will enter service. 3 other turbines (25 megawatts each) are being constructed in the Al-Jabsa field to serve Al-Hassakeh and its South. All these fields are managed by the "Al-Jazeera" company, which was established in 2013 and obtained the "exclusive right to invest in oil and gas from the Autonomous Administration" in 2019\(^\text{127}\). In addition, a local investor supplies electricity to the United Nations headquarters located in the touristic

district of Qamishli through 16 huge generators that operate 24/24. The dwellings near these headquarters, especially those in which media and relief institutions are located, benefit from this electricity through subscriptions at high prices.

In Azaz, electricity was regularly supplied to dwellings through the public aerial network. There are 7 transformers in the city, feeding the neighborhoods. Throughout the early periods of the conflict, employees and workers of the Aleppo Electricity Company continued to carry out their duties with dedication, despite the risks and the city's exit from government control. The Aleppo Electricity Directorate also continued to supply the city with electricity through the Hraytan distribution station, which is linked to the Syrian public network. Then the electrical supply weakened to 9 hours a day, until the expansion of "ISIS" and the outbreak of the battles over the cities of Nubbol and Zahra’. The electricity in these two cities was cut off, and in return, Aleppo electricity stopped feeding the area. Thus, during the period of ISIS domination, electricity was completely absent, except for very few generators.

In a later stage, generators became very popular, and "companies" distributed electricity at somewhat cheap prices (400 SYP per ampere for ten hours a day at the end of 2014) due to the low fuel prices at that time. However, the prices soon increased significantly with the increase in fuel prices, until the ampere price reached 1,250 SYP for seven operating hours. This raised the prices of all goods in the city. It was then that the solar panels started to be installed, first among those who can afford them, due to their high prices. Followingly, international aid NGOs secured them on a larger scale, whether within the city or in neighboring villages, and acted to repair the electricity networks. Thus, 70% of all dwellings are now equipped with such panels. Then came the Turkish operation "Olive Branch" and the control of the Midanki Dam near Afrin, so the Turkish AK energy company, through an agreement with the local council, began distributing electricity to the Turkish network or that produced from large generators located in the East of the city, working on diesel fuel brought from the AANES areas. The company has worked to remove all generators located in the areas where it distributes electricity, with the exception of some industrial and commercial establishments that still maintain their generators. The activities of this company spread to Al-Bab, Qabasin, Mare’, Al-Ra’i and Afrin, and then to Ras Al-Ain and Tal Abyad. Noting that the AK energy company is not the same as the huge Turkish-Czech company Akenerji for the production of electricity in Turkey, which operates dams on the banks of the Euphrates and gas stations in Hatay (Iskenderun).

Electricity prices vary significantly between the three cities. In Tartous, the price is 1 SYP/KWh for the first 600 kilowatts, to become 3 SYP up to 1000 kilowatts, then 6 SYP for consumption between 1000 and 1500, then 10 SYP for consumption between 1500 and 2500, then 29 SYP. This means that electricity is heavily subsidized by the government. The cost of electricity is high in Qamishli, where households subscribe a lump sum of 1,000 SYP to the public network, in addition to their subscription to provide electricity to generators, that sale at 2,400 SYP/Ampere in August for nine operating hours.

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128 https://www.srtfund.org/categories/8_electricity
130 https://www.enabbaladi.net/archives/462305
raising to between 2,500 and 2,800 SYP in October, depending on to generation company. In Azaz, the price of AK energy reached 223 SYP/KWh in August, and increased to 248 SYP in October. This is while the prices of generators in the vicinity of Azaz have increased dramatically, as they reached in October 1,041 SYP/Ampere in Afrin, 9,039 SYP in Idlib and Sarmada, 10,000 SYP in Al Atareb, and more than that in the countryside.

Securing electricity is emerging as one of the main challenges in all the conflict areas of Syria. The State electricity company produces especially from the gas resources that it controls, but with great difficulties due to the ongoing operations of "ISIS" in the Syrian desert (Badya). While the AANES has repaired the gas turbines in the Rumelian field and installed new turbines, while it is unclear how these turbines are connected - as well as the Tishreen and Tabqa dams - to the Syrian public grid and distribution stations, and what are the entities in charge of the production in the oil and gas fields, of running the turbines and producing electricity. As for Azaz and its surrounding area, they have been completely disconnected from the Syrian grid, and electricity is now supplied from Turkey through a Turkish company established specifically for that purpose, which now controls production, the existing grid, the distribution, and the billing collection, slowly covering all areas dominated by the armed opposition factions. This is while a great tension exists between such company and the local council that licensed it, and with the citizens who are protesting against the exorbitant prices.

Only Azaz is getting electricity 24/24 hours, while solar panels and generators have spread widely in the years of conflict thanks to international aid. However, the Turkish company has removed all private generators. Solar panels are less common in Tartous and Qamishli due to their cost and the difficulties in maintaining their batteries. However, private generators are widely spread with distribution "companies" capable of fetching fuel and installing their equipment in neighborhoods through complex relationships with the fuel networks, the local councils, the controlling power and the citizens. Especially as their prices are high due to the great need for energy.

Box 9 - The story of electricity in Azaz, according to the interviews

With the end of 2017 and Turkey’s entry into the region and the assistance to create the local council itself, a Turkish investor made an offer to supply the city of Azaz with electricity. The project was approved, and the Turkish company started working under the name (AK energy). In fact, this company is based on a group of Turkish and local merchants, associated presumably with the governor of Kilis.

The local council appeared in front of the public opinion as the sponsor of the company’s business in the city. The company began to rehabilitate the largely dilapidated aerial network, and even the underground cables, as a result of the bombing (although parts of these works was carried out under German-Emirati financing) (1). Most of the aerial network was replaced by a new one, and lines were connected to all the city’s neighborhoods. Conditions were also set for the delivery of electricity to dwellings, and fees were imposed (600 Turkish liras for each household subscriber and 1,400 Turkish liras for the commercial and industrial facility). This was a subscription fee that should be returned to the citizens after a year of operation. Then a new amount was imposed on each subscriber (40 US$) in order to obtain a prepaid meter from the company. Then, large diesel generators were imported, located in the East of the city. With the start of the first operation as an experiment, the electricity price was set at 85 Turkish piasters per kilowatt hour, or 124 SYP for the residential meter and 90 Turkish piasters for the commercial one.
The local council provided many facilities, services, and equipment to the Turkish Electricity Company; the most important of which is public-owned land to place the generators, a lift truck to mount the electricity poles, a headquarters for the Turkish Electricity Company, as well as cables and transformers. Indeed, the company has begun to work and distribute electricity to the neighborhoods of the city around the clock (24 hours a day). However, with the beginning of the Turkish military actions on the areas East of the Euphrates and the interruption of roads’ connections with the AANES areas, fuel prices rose rapidly and the fuel almost disappeared from the local market. The Turkish company started rationing the operating hours until they reached only 10 hours a day, despite the verbal agreement between AK energy and the local council stating that the company will use fuel imported from Turkey to run the generators. The electricity price was originally set based on this agreement. However, the company blew up the agreement because Syrian fuel is cheap and provides more profit.

This led to increased resentment from the citizens, while the local council remained silent and disavowed responsibility. This prompted citizens to sit-in and demonstrate in front of the company’s building more than once, without success and without a response from the company. Until the tension reached a point that citizens attacked the headquarters of the company, smashed some furniture, and hit a number of employees inside. The local council felt its weak position in front of the citizens, so it proceeded to address the governor of Kilis to solve the issue, as he is directly responsible of the city. Then, the governor of Kilis requested, two years after the start of operation, that the contracts and the memorandum of understanding in place to be presented. Until that the governor and all the members of the local council, as well as all those appointed after the start of the company, were surprised that there were no documents or signed agreements. The governor of Kilis ordered that a memorandum to be signed immediately and set strict conditions. However, this did not happen in reality.

Then, the company submitted, with the support of the local council, a request to the Energy Directorate in Kilis Vilayet, to have an electric line with 25 MW capacity to feed the city. Indeed, a line was extended from the thermal power plant in Kilis Vilayet to the city, and the number of feeding hours was adjusted for 24 hours a day upon the installation of the feeding line. This took place as part of an agreement signed between the local council and Kilis Vilayet, without mentioning the Turkish company. The local council and the Vilayet of Kilis did not reach to sign any memorandum of understanding with the electricity company, especially since the Vilayet of Kilis stipulated that the price per kilowatt hour should be reduced from 85 Turkish piasters to 73 piasters, in addition to two other conditions for calculating a tax for the local council and for lighting public roads and streets at the expense of the Turkish company.

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The domination of the Midanki Dam and the extraction of electricity from it did not change the situation significantly. Meanwhile, the company is asking the local council for sums and bills for the value of the electricity it provides, and threatening to cut off the electricity to its establishments. The initial subscription amount was not returned to citizens, nor was it mentioned even in the agreements that were not concluded. On the other hand, citizens began to draw electricity illegally from the company’s network, which led the company approaching local courts to fine the violators. However, the courts did not rule on these cases.

The issue of Azaz electricity still continue within a lack of trust between all these parties and with the citizens.

(1) See https://www.srtfund.org/categories/8_electricity

### 3.4.3 Energy and Fuels

Securing electricity and water and their prices in the regions is directly linked to the means of securing fuels. The government-controlled areas get fuels from the few wells (oil and mostly gas) it controls, especially in the desert (Badya), as well as from wells in the Northeast, from which "smuggling" takes place through crossings, depending on the development of the relations between the government and the AANES, and on the intervention of the US forces to prevent that. It also obtain fuels through the...
supply from Iran and Russia, to the port of Baniyas in particular. Here, too, powers such as the United States and Britain intervene to stop the arrival of Iranian fuel, despite the fact that the unilateral sanctions stipulate preventing oil exports, and not its importation. The oil is refined in the Baniyas and Homs refineries. Importing through Lebanon was another source of oil derivatives, but in small quantities. It continued and worsened somewhat after the start of the economic crisis in Lebanon in October 2019, the subsidization of oil derivatives there and the smuggling of them to Syria. However, these smuggled quantities remain marginal, compared, for example, with those from the AANES areas.

As for the Autonomous Administration, it controls most of the Syrian oil wells in Rumailan, Al Suwaidiyah and Deir Ezzor through the "Al Jazeera Company". Therefore, oil is available in a manner that exceeds the needs of the population in this region, and small quantities of it are filtered by refineries ("burners") for local needs, while the largest quantities are sold either to government areas through the "smuggling" networks or to the areas controlled by the armed opposition factions supported by Turkey (especially in Jarabulus), where quantities of it are also roughly refined and sold, or they are sold to Kurdistan Iraq and Turkey. On the other hand, the Northwest regions obtain oil derivatives from "refining" what is smuggled from the AANES areas, according to the development of the relations between the two parties or by direct importation of these derivatives through Turkey.

It is worth noting that British Petroleum estimated Syria's total oil production in 2019 at 24,000 barrels per day, comparatively with 385,000 barrels in 2010, and total gas production at 3.7 billion cubic meters in 2019 compared to 8.4 in 2010. It is estimated that Syria's total consumption of oil and its derivatives decreased to about 161 thousand barrels per day in 2018, compared to 308 thousand in 2010. Consequently, the whole of the country suffers from a suffocating fuel crisis.

One commercial network dominates the fuels trade between the Northeast and the rest of the regions, and another network, the Turkish MT company, supplies fuels to the Northwest and distributes the products through "Watad" company, established since the creation of the "Salvation Government" of Hay'at Tahrir al-Sham (HTS). Watad obtained "the exclusive right to import oil derivatives" from Turkey or from other regions. However, two competing companies entered the market recently: the "Kaf" company located in Sarmada "after it obtained the necessary licenses from the supplier company to import fuel in the liberated North of Syria", and the "Al-Shahba" oil company in Kafr Karmin near Al-Atareb. However, the competition between these three companies appears to be formal, after that "WATAD" faced widespread public criticism for its monopoly established since 2018 and banned

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133 While some other estimates do not exceed 16,000 barrels per day, see IMMAP 2020.
134 https://on.bp.com/3rnt0CF
135 https://www.eia.gov/international/overview/country/SYR
137 https://www.facebook.com/watadpetrol1/
139 https://www.facebook.com/kaf.sirketi/
140 http://kafsirket.com/about
142 http://www.zaitonmag.com/?p=56375
143 https://www.zamanalwsl.net/news/article/132885/
144 https://www.enabbaladi.net/archives/412405
the fuels from the Northeast\textsuperscript{146} (which is widespread in the regions of Azaz and Afrin) and also because of its high prices\textsuperscript{147}.

In Tartous, fuel is secured by the State through the “SADCOP” public company and sold via the "smart" ration card. However, the subsidized quantities available on the market are meager, making purchasing difficult, and the quantities sold through the card are limited to each individual and family. Consequently, the sale of fuels at free prices is widespread with large price differences, as well as in the "black market" when the quantities are not available. Different manipulations are common to provide quantities to the black market, at various levels of the distribution network, starting with the government company SADCOP, which is responsible of the distribution of oil derivatives to the gas stations that conceal subsidized quantities to be sold on the black market.

Regarding gasoline, Reach recorded a significant increase in gasoline prices in the Northeast between April and August 2020 and then also between August and October. While the Northwest has not witnessed a similar increase, because gasoline prices were already high there. Thus, the survey conducted for this study showed an average price of gasoline in Qamishli reaching in October 2020 to 700 SYP per liter, with a significant increase compared to August, while the lower percentage increase in the price of gasoline in Azaz took the prices to 1,350 SYP, which is almost double the price in Qamishli. In fact, there are different types of gasolines in Qamishli, including those produced by the AANES "burners", which was sold in October at an average of 390 SYP, as well as the "super" produced by the major Syrian refineries at an average of 850 SYP. Meanwhile, the gasoline imported through Turkey from the Turkish "MT" company dominates the markets of Azaz\textsuperscript{148}, and is distributed by the "Watad" company affiliated with "Hay’at Tahrir al-Sham" in most areas of the opposition factions\textsuperscript{149}, with some gasoline from the Autonomous Administration areas at much cheaper prices. As for Tartous, most of the gasoline is produced by the Syrian refineries, and its price on the smart card remained at 250 SYP/l between August and October 2020, while that “free” was priced 525 SYP\textsuperscript{150}, but both were no longer really available. Whereas, the price of black-market gasoline increased to between 1500 and 2000 SYP/l depending on the areas.

Transport diesel prices increased also significantly, according to Reach, in both NES and NWS, with the devaluation of the

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|}
\hline
\textbf{Transportation diesel (1 litre)} & \textbf{2020} & \textbf{SYP} & \textbf{NES} & \textbf{NWS} \\
\hline
\textbf{August/April} & 287\% & 186\% & 178\% & \\
\hline
\textbf{October/August} & 4\% & 11\% & 8\% & \\
\hline
\end{tabular}
\end{table}

\textsuperscript{146} https://bit.ly/3sHS75d
\textsuperscript{147} https://www.enabbaladi.net/archives/459749
\textsuperscript{148} Some surveys indicate that Abdullah Al-Dakk is the exclusive fuel importer and that MT is his company, https://www.enabbaladi.net/archives/410541.
\textsuperscript{149} https://www.enabbaladi.net/archives/410541
\textsuperscript{150} Between 475 and 575 depending on octane.
Syrian currency between April, August and October 2020. However, the prices remained cheap in Qamishli, according to the survey of this study, increasing only from 150 to 180 SYP/l between August and October. The diesel sold for transportation is distributed between what is produced by the AANES burners and that produced by the Syrian refineries. In Tartous, subsidized transport diesel is sold at 180 SYP/l, and has not changed during the survey period. However, it is not widely available and diesel is not available at free prices, but it is sold on the black market at about 500 SYP/l in August, increasing to an average of 613 in October. In Azaz, the Turkish MT company dominates the transportation diesel market as of the gasoline market, both of which have Turkish origin at high prices.

The things are different in Azaz with regard to heating Diesel (gasoil, also used for transportation despite its quality), which is brought as oil from the AANES areas (especially from the Rumailan field) and then refined in “burners”, mostly in the cities of Al-Bab and Jarablus. However, its prices remain high compared to other regions, as are gasoline and transportation diesel; although they are lower than that in Idlib, where "Tahrir al-Sham" and the "Watad" company prevent its supply, except what is refined in their areas.

Gasoil prices increased significantly in NES between April and August 2020, as did the rest of the fuels. In Qamishli, there is the subsidized gasoil from the burners, which is distributed by the "self-management communes", up to 440 liters per family annually, at a price of 77 SYP/l in August, which rose to 80 in October. Additional quantities of gasoil can be purchased at an average price of 160 SYP/l in October. In Tartous, the specified quantity of heating gasoil for a family is only 200 liters due to the fuel crisis, at a price of 185 SYP, which it did not change between August and October. Even with this small amount, crises occur in delivery. And the gasoil is sold at much higher prices on the black market, but it does not reach Azaz.

The fuel crisis in government areas also has repercussions on the domestic gas market (LPG). The subsidized gas cylinders are also distributed by SADCOP on a monthly basis, according to the "smart" rationing card, at a price ranging from 2,800 to 3,000 SYP. There are no quantities sold at free prices, while the cylinders were sold on the black market in August between 9,000 and 20,000 SYP, and the price rose to between 15,000 and 25,000 in October.

It is noteworthy that there is no subsidized gas cylinders crisis in the state-controlled neighborhoods in Qamishli, while it is the case in the other neighborhoods despite the “self-management communes”
distributing subsidized gas cylinders coming from the Rumailan field at a price of 2,500 SYP. However, the price of a cylinder of subsidized gas increased there from 4000 to 4,500 between August and October, while “free” gas cylinders are sold at 5,000 SP.

As for Azaz, gas comes from Turkey through the exclusive supplier MT Company, which has built a cylinder filling plant in the region and closed all other present filling plants. Gas cylinders are available, but at a high price, which rises according to the high exchange rates of the US dollar.

Fuel constitute a major dilemma in Syria, as a result of the significant decline in Syrian production and the unilateral measures by the United States and Europe that impede its official supply. In general, the Syrian government controls most of the gas fields, while the AANES dominates most of the oil fields. The Turkish-backed opposition factions do not control any energy resources, but can import fuels from Turkey and Europe despite the sanctions. The two Syrian oil refineries are located in government areas. Whereas, primitive refineries (burners) are spread in NES and NWS.

Consequently, fuels constitute the essence of the complex negotiation and conflict relations between the Syrian government and the AANES on one hand, even though that primitive refineries (burners) are present in AANES area, which cannot produce gasoline. On the other hand, fuels are also the essence of the undeclared relations between the AANES and the opposition factions (and Turkey) because the price of oil derivatives produced in Syria is much cheaper than imports.

Consequently, one "company", the "Al Jazeera", dominates the oil market and its derivatives in the AANES as a counterpart of the government company “SADCOP”. In addition, one "company" dominates the oil market and its derivatives in the areas of the armed opposition factions, which is the "Watad". It deals with the only intermediary network that secures the exchange of oil and its derivatives between the different areas of control, that is, the "Al-Qatirji network", as it deals with a single company that supplies exclusively oil and its derivatives from Europe via Turkey. These monopoly companies are each closely linked to the powers of domination: the Syrian Authority, the SDF and HTS and the Turkish government.

3.5 Construction and real estate

The conflict in Syria caused a lot of damage to housing, reaching some 10% of the total number of dwellings that existed in 2010\textsuperscript{151}. This is apart from the damage that befell the remaining buildings, albeit in different degrees. But construction continued in the country, and in all areas, in spite of the war. The number of new dwellings built during the 10 years of conflict was estimated at approximately the same number of those that were destroyed, apart from those that have been fixed\textsuperscript{152}.

Tartous did not experience military battles or major explosions. But the United Nations’ OCHA surveys\textsuperscript{153} stated that the population of the city of Tartous reached 221,000 inhabitants in 2019 - including 63,000

\textsuperscript{151} World Bank, 2017; Reach, 2019.
\textsuperscript{152} Aita, 2020b.
\textsuperscript{153} https://www.unocha.org/syria
IDPs - in comparison with 122,000 inhabitants in 2011. As for the residents of the district of Tartous, its population increased, in the same period, from 175,000 to 293,000 inhabitants. And since IDPs’ camps are no longer actually present in the city after the decision to dismantle them in 2018, this means that Tartous experienced a large effort of construction during the years of the conflict, in continuation of the pre-conflict burst of construction, which led to the doubling of the number of available dwellings\(^\text{154}\), in addition to what was constructed in the neighboring villages in the immediate vicinity of the city (Sheikh Saad, Dweir ash-Sheikh Saad, al-Hamidiyeh, Khirbet al-Ma’zeh, as-Sauda, Mazra’t al-Hanafiyyeh, and others).

In fact, the city of Tartous expanded greatly prior to the years of the conflict, towards the East and Northeast. Only a road knot separates it from the Sheikh Saad and Dweir Sheikh Saad villages, which also significantly expanded due to meet the needs of the population of the countryside to live near the city at cheaper prices of land and real estate, by almost a half. According to the interviews, “In the year 2000, there was only one “service” (round the clock public taxi) in Dweir Sheikh Saad working until 1 o’clock in the afternoon only, but today many “services” operate until 10 at night. The distance between the last house in Tartous and the first house in Dweir Sheikh Saad was 5 km. Today, it is only half this distance”. As for the slightly further distant villages, such as Khirbet al-Ma’zeh, located on the Tartous-Safita road, the urban boom took place in the form of residential and commercial blocks along the road, precisely during the years of conflict, and part of it resulted from the economics of war.

Qamishli also did not see major fights, just Turkish attacks in 2019 that led to the destruction of four houses in az-Zaitouneh neighborhood. UrbAN S\(^\text{155}\) estimated that the city’s 34,796 in 2011 residential units increased by 3,286 until 2019\(^\text{156}\). Knowing that the OCHA surveys indicated that the population of Qamishli decreased to 222,000 inhabitants - among them 60,000 IDPs - in 2019 in comparison with 238,000 in 2011. This means that more than one third of the city’s initial residents were displaced or went abroad. The population of the district of Qamishli also decreased from 275,000 inhabitants in 2011 to 248,000 in 2019, 65,000 of them IDPs. Despite erecting new houses, some neighborhoods of Qamishli are rather crowded, because of the lack of housing, such as in the neighborhoods of al-Farouk and aj-Jabra. This is while some other neighborhoods have an excess of housing, such as Maysaloun, Qanat as-Soueis (Suez Canal), and al-’Antariyeh. In fact, the urban development boomed in some neighborhoods as a result of the positioning of international organizations (four buildings for the United Nations and the High Commission for Refugees, HCR), of relief NGOs and media in those neighborhoods. The renting of apartments to these entities are at prices exceeding those in other neighborhoods.

Azaz, on the other hand, has experienced battles and airstrikes since 2012, then an invasion by ISIS in 2013, then bombardments and battles in 2016, then the “Euphrates Shield” operation in 2017. Despite all of this, UrbAN S estimated that 3.4% (approximately 270 dwellings) out of the 7,973 dwellings of which Azaz was made up in 2010, were completely destroyed or severely damaged\(^\text{157}\). Most of those are in the western neighborhoods, where most of the official establishments are. The estimation that relies

\(^{154}\) See below paragraph 3.2.2 Real Estate and Accommodation
\(^{156}\) UrbAN S, 2019.
on satellite images does not show the number of dwellings that were constructed in the past ten years. It only shows that Azaz needs 7,355 additional houses today. OCHA indicates that the population of Azaz reached 75,000 inhabitants - two thirds of whom are IDPs - in 2019, in comparison with the 38,000 of 2011. The population of Azaz district increased in the same period from 57,000 to 251,000, three quarters of whom are IDPs in camps near the borders with Turkey. Those camps became small cities (Shamarekh, as-Salameh, Shamarin, Bab as-Salameh). There are no camps inside the city.

Consequently, the three cities witnessed remarkable housing development during the years of the conflict, despite the migration of a significant portion of their 2011 population abroad. Displaced people to these cities used empty housing, but their increasing numbers required the construction of new housing, as none of these cities contain IDP camps. This is in addition to the observation that the real estate economy has become active during the periods of conflict, especially since 2015, as it constitutes a heaven for savings, on one hand, and a source of revenues and income for the professions and trades associated with it, on the other hand.

3.5.1 Cement and Iron

There is a governmental cement factory in Tartous, and the State sets a subsidized price for the cement that it produces, and distributes it through the “Omran” public establishment. However, delivery at such subsidized price can only be achieved through a government building permit, for which quantities of cement are allocated. Meanwhile, “free” cement is sold in the market at much higher prices. The source of this cement is either the Tartous plant itself, which is operated by a private contractor who freely sell the surpluses over the agreement with the government, or the public Hama factory, branded "the elephant", also operated by a private contractor, or also the private "Badya" cement factory near Damascus. There is also what is smuggled and recycled from public projects. The "Camel" brand is also present in the market, brought from the same sources but distributed by Muhammad Al-Qatirji. This cement is sold at prices much higher than that of Omran due to the high costs of transportation and checkpoints.

For a 50 kg bag, the prices ranged in **Tartous** varied between 2,500 SYP and 5,000 SYP in August 2020, then rose in October to reach 3,850 and 7,000 SYP. The significant increase was observable in all areas, far above the exchange rate depreciation. Also the similarity of prices between NWS and government areas, as opposed to the much higher prices in NES.

<table>
<thead>
<tr>
<th>Average prices in the 2020 survey. SYP</th>
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<tbody>
<tr>
<td>Cement (50kg bag)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2020</td>
</tr>
<tr>
<td>August</td>
</tr>
<tr>
<td>4,167</td>
</tr>
<tr>
<td>8,200</td>
</tr>
<tr>
<td>4,388</td>
</tr>
<tr>
<td>October</td>
</tr>
<tr>
<td>5,513</td>
</tr>
<tr>
<td>12,455</td>
</tr>
<tr>
<td>6,080</td>
</tr>
</tbody>
</table>

Otherwise, Iraqi cement is sold in **Qamishli**, specifically the “Kar” brand, produced by an engineering group owned by the Barazani family, as well as Turkish cement, marketed, according to interviews, by a company affiliated with the AANES. The importation is made through Semalka crossing. But the cement...

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158 [http://www.albadiacement.com/](http://www.albadiacement.com/) It’s a joint investment that was established in 2006 in partnership between the Saudi Muhaidib group [https://muhaidib.com/](https://muhaidib.com/), the Alfozan Holding group which is also Saudi [https://www.alfozan.com/](https://www.alfozan.com/) and businessman Ziad az-Za’eeem. The factory, which was erected in Abu sh-Shamat on the Palmyra road, saw kidnapping operations by ISIS [https://www.enabbaladi.net/archives/73123](https://www.enabbaladi.net/archives/73123).

159 The Iraqi-Kurdish group Kar, which is active in different domains, and currently owns two cement factories in Erbil (Makel Qara Shok) and in an-Najaf [http://karbusiness.com/](http://karbusiness.com/).
is sometimes lacking from the market. It is worth noting that there is Syrian cement in Tal Tamr, probably marketed there by the aforementioned Qaterji Group. Also there are significant differences in the prices of cement between the different NES cities. The prices are very high in Ain al-Arab/Kobane, where there are significant reconstruction needs. As for **Azaz**, only Turkish cement is sold, under the brands of "Shwet", "Limack"\(^{160}\), "Adana"\(^{161}\), and "Klink". Relatively big importers have started to monopolize this domain, such as the Shammas Group\(^{162}\) and Abdullah Haj Saeed. It is noteworthy that the selling of cement occurs exclusively in US dollars in NWS and NES, because it is only imported in wholesale when orders are collected. Otherwise, with the significant increase in cement prices between August and October 2020, even in US$ terms, these prices are seeing daily fluctuations, even more than the exchange rates fluctuations.

International statistics record that Syria imported 41 million US$ worth of cement in 2018, most of it from Turkey, in comparison with 206 million US$ in 2010, of which Lebanon had a share of 15% and Turkey 70%\(^{163}\). Also, economic sanctions have heavily affected the cement factories in Syria. The ovens often stop functioning because of the lack of spare parts or because maintenance has been stopped. The government had previously contracted\(^{164}\) with the “Ghaith Faraon”\(^{165}\) group, established in Lebanon, to carry out maintenance of Tartous factory and commit to production levels on a monthly basis; the same for the Adra cement factory near Damascus. But the assets of the Faraon company were seized in September 2019; and the contracts were consequently revoked\(^{166}\).

Cement, in its nature, is an oligopoly product, whether due to the size of required investments in order to establish factories, or due the unwritten agreements between owners of such to distribute the market between them, and due to how the marketing networks work in order to guarantee such agreements. The costs of cement production are highly dependent on the return on investment in hard currencies and on the prices of fuel products. The State, through its investments in cement factories, used to push cement prices down, in spite of opening the cement sector to private investments and to imports, and despite contracting government factories to private companies trying to meet the high demand that came with the big construction boom during the last few years before 2011 and continued until 2013\(^{167}\). The years of conflict imposed new realities, with the factories of Aleppo and “Lafarge”\(^{168}\) ceasing to operate. NES became a quasi-monopoly to the cement factory of Kurdistan Iraq in agreement with the AANES, with a major increase in prices in comparison with other areas. The government-controlled areas, where the demand is relatively the largest, face

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\(^{163}\) [https://bit.ly/3o7KAc4](https://bit.ly/3o7KAc4)

\(^{164}\) [https://sensyria.com/blog/archives/29991](https://sensyria.com/blog/archives/29991)

\(^{165}\) Ghaith Faraon, a Syrian with a Saudi citizenship, his parents were Rashad Faraon, a doctor and an advisor to king Abdul Azziz. Ghaith Faraon, who died in 2017, had a vast group that includes the Pakistani Atok group for cement and oil refineries. He underwent troubles and bankruptcies after BCCI bank scandals in the United States, but his companies continued to contract with the US army in Afghanistan.

\(^{166}\) [https://enabbaladi.net/archives/325223](https://enabbaladi.net/archives/325223)

\(^{167}\) AITA, 2020b.

\(^{168}\) The Lafarge factory in NES stopped production in 2014. It’s a direct investment of the international company, the Syrian Firas Tlass and the Egyptian Naguib Swairis. It dealt with Jihadi organisations, including ISIS, which led to a major scandal in Europe [http://bit.ly/367FeHP](http://bit.ly/367FeHP)
production problems due to the rise in the cost of fuel products, and the major difficulties in getting maintenance for the equipment. The players in the cement marketing domain thus benefit from the consequent scarcity in order to impose their major role. The relatively high prices in NES puts the smuggling of cement as a main component of the war economy.

Box 9. From the interview concerning the cement markets in the three cities

**Tartous:** The first way to obtain cement is to get a license from the municipality. For example, you want to build a house, so you submit the required documents in order to get the license, then you give it to the Omran public establishment, and await your turn to get the quantities. When the cement is scarce, the people resort to buy licenses from others. But if cement is not available at Omran, the owner of the license has to await his turn, and that might take two or three or even six months, and there is no guarantee that they will give him the whole amount of quantities in the license. Then he has to buy from free market. Our free market has only the Badya cement and the al-Fil cement, whereas, before 2011, we had cement that was imported from Lebanon, such as al-Sabea, and cement imported from Egypt. During the conflict, the importation of cement was banned and the Aleppo cement factory ceased functioning and people from Aleppo began buying cement from Hama, where the factory had resumed operations recently.

The State-provided cement is procured from the Omran establishment. Its price used to be 2,300 SYP only two weeks ago, and now it’s 3,500. As for the free-market cement, one sack of al-Fil costs 4500 SYP, and of Badya 6,400 SYP. The reason is that it is special and has better quality than the state-provided one, and better resistance. The Badya has a resistance of over 200, whereas the one from Tartous is at 150... The resistance affects the reputation of the cement mixer who delivers ready-to-use cement to construction companies and contractors. Some companies do not accept to build under a certain level of resistance. Therefore, in the past, and before the prices increased, especially because of transportation fees, the cement mixer used to buy two kinds of cement, that of Tartous and that of Badya, and mix them together, in order to get the advantages of each: the better color for Tartous, with weaker resistance, and the higher resistance of the Badya, despite its brighter colour.

There are factories that have a permanent license, such as the tiles factories, the building stones factories and the cement mixers that prepare the concrete mix and cast it. There are six private concrete mixers in addition to those State-owned. The state-owned mixers gets what they want in terms of allocation, but the private ones get a “mixer license” and buys loose cement from the cement factory through Omran, at slightly lower price than the packaged cement. They also buy any free-market cement from Badiya and al-Fil. Currently, the demand for Tartous cement has increased because Badya became much more expensive. Most have ditched Badya. One private mixer closed recently and another opened in its place. And Omran gives some mixers more than others. Of course, the cement mixers manipulate the quantities of cement, unless they would not get any profit. I can vouch for only one or two cement mixers, that do not manipulate the quantities of cement.

If I want to build a house I would have to borrow a license from someone. For example, my allocation is ready and I got cement, a friend of mine may need cement, so I can give him some of my allocation provided that he gives it back to me when his license’s turn comes. However, this is no longer an option because there is a cement crisis, especially since the rise of the dollar and the Covid-19 crisis, that have led to a significant increase in the cement prices, especially that of Badya which used to cover part of the market’s need, and also especially due to the significant increase in the demand in the market in Tartous. In fact, “whoever has two pennies is now afraid and is investing them in dwelling or a room in order not to lose the purchasing power of his money.”

The Tartous cement factory is operated by Faraon Group, which is a non-Syrian company, that signed a contract on a plan to produce 5,000 tons a month, taking the surplus on these and selling it in the free market. The Faraon company did not use the highest production capacity of the factory, because it is not in its interest to do so, as it would lead to disruptions that they would have to fix as per the contract they signed. I don’t know if the Faraon contract’s duration is over, or they terminated it, I’m not sure. But the cement mixers used to buy from Faraon for five or six years and all of them have “capitalised” (as in, got richer).

Before the Corona pandemic, the contractor had made its offer of maintenance on the basis of 600 SYP/US$ exchange rate. But after the Corona, the dollar reached 3,000 USD, while the State shall still uses the official rate of 1,200 SYP for the contract. Therefore the costs on the contractor became 6 billions SYP rather than 1 billion. Who is the stupid person what will carry out a maintenance contract for the sake of the State?
Also worth noting is the role of connections, relations and red tapes in Omran establishment, as well as the insufficient daily allocations to those who have licenses. Some days, half of the quantity available is only distributed to those who have the licenses, while the other half disappears from the lot. This issue created a confusion and led, for example, for some contractors in Safita to complain to the Baath Party Branch against the director of Omran in Safita. But the Lady director, in view of the complaints, told the contractors that she is under pressure from powerful people to smuggle the amounts for their own interests and the interests of contractors for whom they work, adding that she is not benefitting from this at all, and that the complaints will not get them the desired results.

Qamishli: One cannot venture to bring large amounts that could remain stored in warehouses for years, and therefore incur huge losses that cannot be compensated. Especially that these materials are being bought in US dollars directly, which rate is very unstable. One day it’s up, one day it’s down. This creates an economic problem in achieving the margin of profit, naturally. But it has been noticed that, despite the unprecedented rise in the prices of steel and cement, the demand is increasing due to the amount of constructions that is taking place in the city and elsewhere in cities in the North and East, where there have been many construction developments recently.

Per example, an order can be received from a construction contractor in the city, or in another city, who needs certain amounts of concrete and steel. But, small quantities cannot be delivered, so the contractor wait until there are orders that are considered sufficiently large, and then the order go to Kurdistan Iraq and is shipped to Qamishli. Of course, with noting that half of the price of the order is to be paid before it’s brought in, and this provides some sort of liquidity, and also guarantees that the contractor or the person who submitted the order doesn’t change his mind.

Azaz: Syria had opened the door to importing cement from Turkey before 2011. And, since the beginning of the conflict, the traders in the city began relying on Turkey to provide cement. This trade is considered monopolized by a limited number of traders in the area. For the trader “Abdullah Haj Saeed” is known as having the monopoly of this trade in the city. Even if another trader tries to import cement from Turkish areas close to the Syrian border, the company would refuse to sell him, because Abdullah Haj Saeed pays huge financial in advance amounts in the accounts of cement factories in order to tempt them. He also pledged to the cement factory that he would withdraw the biggest possible amounts at all times. That is why he wastes opportunities, especially for other traders. He also has influence in Turkey and has partners who help him with this. He controls the prices. We noticed this from the low prices in cities such as al-Bab where the price is different from Azaz, even though there are bigger transport costs given that al-Bab is far from the Bab as-Salama crossing. The traders of al-Bab also rely on competition to get as much quick profit as possible. As for the trade office in

<table>
<thead>
<tr>
<th>Average prices in the 2020 survey. SYP</th>
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<tbody>
<tr>
<td>Steel (SYP/ton)</td>
</tr>
<tr>
<td>2020       Tartous   Qamishli   Azaz</td>
</tr>
<tr>
<td>August     1,320,600  1,325,511   924,950</td>
</tr>
<tr>
<td>October    1,500,000  1,485,250   1,113,075</td>
</tr>
</tbody>
</table>

As for rebar required for construction, it is imported in the three cities, except for that which is recycled from what the war left behind and from the rubbles, and which is bought at much lower prices, but isn’t always available. The steel of NWS and NES comes from Turkey. It is notable that it is sold under the brands of “Yazji”\(^{169}\) or “Brad” in Azaz area, at a much lower prices than in Tartous and Qamishli, the latter two prices being similar to one another. As for the steel of Tartous, it comes from Egypt, Ukraine, or Russia, as raw iron that gets processed in Syria.

Figure 11. Distribution of cement prices at the national level
Interviews indicate that two traders monopolize the steel trade in Azaz. The first imports it from Gaziantep (‘Aintab) and Mersin, whereas the second is the same that monopolizes the steel trade in AANES areas. The Turkish government does not allow importing reinforced steel plates as well as steel sheets because they can enter in military equipment manufacturing. In the city, there are only four centers that sell steel. Each two are run by relatives. There is no competition among them, they agree on the prices. The interviews also show that the local council does not interfere in the steel trade, but that those active in this trade are key figures within the council itself. They “control the situation and the citizen continuously suffers the greed of traders that never ends and doesn’t take into consideration the living conditions of the people, with a total absence of bodies that organize the situation and find a system that guarantees the rights of the people”. The interviews also indicate that those trading in steel in Qamishli are specifically the AANES. As for the government areas, Joud appears to be the company that dominates steel imports, as well as wood, banana, and other products.

The Syrian government had previously given licenses to several steel factories in the 2000s, in addition to the government-run factory in Hama. In Tartous, there are two steel rolling factories (on the Khabar road, one of them is owned by an Aleppan investor and the other to Abou Ali Waheeb from Tartous), as well as a steel forming factory. It is noteworthy that the trade of rubbles became widespread across Syria, especially during the years of the severest fighting. Rebar of destroyed buildings would be collected to be recycled in existing factories.

The rebar value chain is less monopolized in Syria compared to cement, except for the import of raw materials where the quantities must be large. There is a chain of production for steel forming and rolling in government areas controlled a number of players. All of them suffer today from the scarcity of fuel and its high prices, despite the fact that the Syrian government subsidizes industrial diesel and provides annual quantities for factories. This leads to a high price of rebar. Such factories are absent in the Northeast and Northwest, and there are monopolies to import Turkish steel that are directly linked to the controlling de facto powers, and are intertwined with each other under the influence of Turkish policies.

3.5.2 Real estate and housing

Prior the conflict, the city of Tartous had the fastest population growth among the three studied cities, especially because of the rural-urban migration. It was experiencing remarkable real estate growth. The government-run construction establishments (Military Housing, Military Construction, etc) as well as the cooperatives, erected entire neighborhoods in the East of the city, while some neighborhoods in the center were being restructured.

The conflict led to a large displacement of population towards the city. IDPs reached more than the third of the population during the stages of major battles (2013-2016), the majority of which came from Aleppo, Idlib or Homs. At the beginnings, the city center witnessed some IDP camps (the Old Garage, Karnak, and Al Tala’e) and some shelter centers (the municipal stadium, Sh’un ’Aqariya, Al Sala, etc.).

170 Joud Metals company in Latakia [https://www.joudcosteel.com/html/Arabic_H_1.html]
173 [https://enabbaladi.net/archives/306244](https://enabbaladi.net/archives/306244)
However, a decision was taken in 2018 to dismantle IDP camps and shelter centers and to return the displaced to their areas, leaving only the Al-Tala’e camp, supported by the International Organization for Migration (IOM) remaining, closed later in its turn. Also, there was only one small camp in its nearby countryside, although most of the countryside towns also witnessed massive displacement.

Consequently, the population increase adapted with the wave of housing construction that the city was witnessing in the years prior to the conflict, including by occupying tourist residences where presence was only seasonal. The movement of housing construction and cladding has also accelerated. Of course, the rental and purchase prices increased, but at a pace lower than the pace of the decline in the exchange rate of the Syrian pound. However, the price increase subsided slightly after 2015, with the return of many IDPs to their areas and the engagement of part of the city’s initial residents in the wave of asylum in Europe, as well as due to the stability of exchange rates for a long period between 2016 and 2019. The Lebanese financial crisis and its repercussions on Syria brought real estate prices up again since mid-2019, but this time significantly, as real estate became a safe haven for Syrians’ savings. The rise in real estate prices and rents differed among Tartous neighborhoods due to different considerations, sectarian and class, as well as the type of housing.

**Figure 12. Distribution of real estate prices in the different neighborhoods of Tartous**
Qamishli city as a whole did not experience construction growth during the years of conflict, like the one that Tartous saw, even though it did host a number of IDPs that, after 2016, amounted to one quarter of the population. This is because the city experienced, during the years of conflict, a wave of migration of its residents to Europe especially, and also to Turkey and Kurdistan Iraq. The developments were different depending on the neighborhoods, for considerations that are also ethnic, class related, or have to do with the quality of houses, infrastructure and services. The studies of UrbAN S\textsuperscript{174} indicated that the neighborhoods such as al-Wihda (in the “Security area” where most government establishments are) and al-Farouk, saw an increase in their population by more than 50% between 2010 and 2019, while the neighborhoods such as az-Zafira, al-Bustan (Rojava), Maysaloun (Jernak), al-Antariyeh, and al-Jam’iyyah, lost more than one third of their residents. Ultimately, the prices of all estates in Qamishli inflated after the Lebanese crisis and the deterioration of the exchange rate.

It is worth noting that real estate contracts in Qamishli face several problems, given the different references such as the Syrian official records and those of the AANES, and because it is a border area to which legislative decrees 49/2009 and 432/2009 apply\textsuperscript{175}, and given the fact that there are Kurds who still do not have the Syrian citizenship because the 1962 law\textsuperscript{176}. Therefore, most of the new rent contracts are informal and do not adhere to the prices set by the Autonomous Administration.

As for Azaz, it witnessed a significant demographic lap, as well as major changes in its residential makeup. According to the studies of UrbAN S\textsuperscript{177}, the population is concentrated in the western neighborhoods of the city, whereas most inhabitants of the eastern neighborhoods are IDPs. The city had experienced a heavy pressure in terms of population in 2016, when the population reached around 100 thousand inhabitants, a third of which were IDPs as opposed to the two thirds recently. This led to a major increase in the prices of rents, reaching - according to UrbAN S, which builds on an evaluation carried out by “Roia”\textsuperscript{178} NGO in 2018 - between 100 and 200 US$ a month, while the average income of a household was 150 US$ only\textsuperscript{179}. Thus, the studies indicated that the rise in the city’s real estate prices has led to social tensions, especially between the locals and the IDPs. Also, the Turkish government has carried out infrastructure projects in order to support the city and house future IDPs from other areas: opening of an eastern ring road, an urban development plan, roads, sewer system, water, etc. Thus, several initiatives in the real estate sector emerged in the city, including rehabilitating\textsuperscript{180} damaged buildings, carried out jointly by the local council and “World Vision” NGO\textsuperscript{181}. Many construction development projects emerged in the city as well, such as those of Shammas Group, which imports cement\textsuperscript{182}, and sells its apartments for approximately 8,500 US$ each, and also from the Qaddour

\textsuperscript{174}UrbAN Syria is a Syria project by the private establishment IMMAP in Jordan, funded by the EU https://urban-syria.org/.
\textsuperscript{175} These decrees request authorizations from security services for construction and real-estate contracts.
\textsuperscript{176} This law did not recognize the Syrian citizenship of large number of Kurd population living in Syria.
\textsuperscript{177} UrbAN S, 2019.
\textsuperscript{178} Roia is a Syrian-Turkish-Dutch organisation, supported by western countries, that carries out support tasks in NES, especially in telecommunication technology. https://www.roia.org/
\textsuperscript{179} https://bit.ly/3r4RDV3
\textsuperscript{180} https://www.zamanalwsl.net/news/article/101768/
\textsuperscript{181} https://www.wvi.org/emergencies/syria-crisis-response
\textsuperscript{182} https://www.enabbaladi.net/archives/257356
Group, with prices around 8 and 10 thousands US$\textsuperscript{183}, in addition to “al-Qusour” (namely the palaces) project for luxury houses, where houses were sold between 22 and 33 thousand US$\textsuperscript{184}.

The local council in Azaz runs its real estate affairs without any communication with the Syrian government\textsuperscript{185}. It is responsible for the one sole IDP camp in Azaz district amongst many, which is the temporary “sheltering” camp for new arrivals. This is while the Turkish organization AFAD operates directly all the remaining IDP camps\textsuperscript{186}.

With these different environments in the three cities, the results of the survey of rents’ prices attracts the attention to their relatively very high costs of rent in Azaz, even though the city lives with less population pressure than Tartous and Qamishli, and despite the fact that the average income of the inhabitants is also far less. This could mean that there is also a high demand for housing within the city, as opposed to

\textsuperscript{183}https://www.enabbaladi.net/archives/268819
\textsuperscript{184}https://www.facebook.com/AzazMarket/posts/2362193734089496
\textsuperscript{185}https://www.enabbaladi.net/archives/268819
\textsuperscript{186}https://www.facebook.com/AzazMarket/posts/2362193734089496
living in nearby villages and camps. What is also striking is that these rent prices did not increase from August to October 2020, in Azaz, but rather relatively dropped in US$ terms, while it saw a major increase in Tartous and Qamishli during the same period.

At the same time, real estates’ purchasing prices in Azaz were remarkably low, with a low ratio between purchasing prices and annual rents. On the contrary, purchasing real estate is very expensive in Tartous, and prices continued to rise significantly between August and October. The price of purchasing a real estate in Tartous amounts to 67-74 years of rent, in comparison with 35-44 years in Qamishli, and 11 years only in Azaz.

3.6 COVID-19 preventative means

The COVID-19 pandemic started spreading in Syria in March 2020, as it was doing in other parts of the world. It posed major challenges, between lockdown and other preventative measures on one hand, and the necessity to work every day in order to earn a living on the other. Most workers in the different areas are in informal employment, as in, they do not earn any revenue when they do not work, on one side, and they do not have any social insurance or protection that compensates for their losses if they self-quarantine or get sick, on the other hand.

The use of preventative masks spread, but the product was not available in most markets. In Tartous, many workshops got to making reusable masks. It is not clear, however, whether those masks match the necessary standards. Then factories began producing suitable masks. Furthermore, masks were gradually imported, especially from China. In fact, the price of masks dropped between August and October, as they became more available in the market. The same went for Qamishli, which brought masks from government-controlled areas, especially Damascus, and from China, with similar prices. As for Azaz, Turkish and Chinese masks spread, their prices in August were a lot cheaper than in Tartous and Qamishli. But the Chinese masks became the most common, and the prices became similar to those in the other areas.

Less so, people started using gloves. Most of the gloves that are sold in Tartous have been imported from Malaysia (Latex brand) and the Philippines (Nartel brand), with
some local production. Malaysian gloves are predominant in Qamishli. This is while China and Turkey share the market of Azaz.

The same goes for disinfectant alcohol, as the medical alcohol factory, part of Homs public sugar factory, started operating again in March 2020, after having stopped for seven months. As alcohol consumption rose, it was allowed to import alcohol, after the market being monopolized by the State. Most of the alcohol sold in the three cities comes from government controlled areas, under several brands and even without brand, except for some Turkish alcohol in Azaz. Instances of cheating, in terms of the actual concentration of alcohol in the products, were recorded in all areas. Most citizens in all areas, however, still trust in the government produced disinfectant, marketed by Pharmex establishment.

When this alcohol is turned into hand sanitizer, the market in Qamishli and Tartous remains reliant on Syrian alcohol, with numerous distributing companies. As for Azaz, the market transformed between August and October 2020, from relying on imported bottled disinfectants to mostly locally bottled disinfectants of several brands.

As for trash bags, it is common to manufacture them in Tartous from plastic granules, like in the rest of the Syrian territories. Their prices are cheap, but they increased between August and October. These products reach Qamishli, especially via Aleppo (Kafi brand) through the Raqqa crossing, with some competition with the products made in Iran. Small industries feed the market of Azaz (ash-Sahm al-Azraq, aj-Jassem, and an-Najmah brands) but it sells at a much higher prices than in Tartous.

With the spread of the COVID-19 pandemic, the use of medical preventative means steadily increased. Small industries in government-controlled areas and, to some extent, in Azaz, got adapted to producing some of those means, such as masks, hand sanitizers, and trash bags, with prices that, in October 2020, began competing with imported products. Such industries did not spread in Qamishli in order to adapt to the needs, despite the major increase in demand. There is a complete reliance there on importing or trading with government-controlled areas. It is noteworthy that the alcohol produced in government-controlled areas is still dominating the market in all three areas, despite all the difficulties in producing it. This is not the case when it comes to gloves, which are being imported to all areas from Asian countries and from Turkey. But the situation remains fragile with the collapse of the Syrian pharmaceutical industry, and with the reliance of all areas on one alcohol factory in

<table>
<thead>
<tr>
<th>Average prices in the 2020 survey. SYP</th>
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<tr>
<td><strong>Alcohol (1 litre)</strong></td>
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<td>August</td>
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<th>Average prices in the 2020 survey. SYP</th>
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<tr>
<td><strong>Hand sanitizer (500 ml)</strong></td>
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<td>August</td>
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<th>Average prices in the 2020 survey. SYP</th>
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<tr>
<td><strong>Trash bags (30)</strong></td>
</tr>
<tr>
<td>August</td>
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<td>October</td>
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188 AITA, 2020a.
Homs. Noting that with the current economic conditions and the lack of awareness and protection policies of the *de facto* authorities, citizens seldom use preventive means.

4.1 Political Economy and Warlords

As mentioned above (paragraph 1.3), the years of the conflict imposed a political economy different from the one that existed before the conflict, although it shares some of its features. The foundations that led to the differences consisted in three main aspects: the change in the nature of the economy and the distribution of its activities, the division of the country into three areas of influence, and the deterioration of the State’s role in framing the economy.

In fact, the nature of the Syrian economy has changed dramatically, especially in the most recent years of the conflict. The role of local production and its added value has drastically declined, in agriculture, industry or services. And this is whether the added value is measured in constant prices or taking into account the accelerating inflation and currency collapse is considered. Domestic consumption has also experienced a major decrease. The economy has become more closed to the outside in terms of goods and services, especially in terms of exports. A significant portion of the economy has also shifted to the informal sector. Remittances from expatriates and foreign aid (including, during some periods, transfers to the armed factions) have played a major role, as their size exceeded a third of the GDP189, or perhaps half of it. Of course, the destruction of the means of production and the displacement of a large part of the population within the Syrian territories or abroad had have a significant impact on these transformations. In addition, the unilateral measures (sanctions) impacted significantly the economy in disrupting the provision of means of production and subsistence190, especially with regard to energy and other necessities.

The division of the country into three main spheres of influence, and the difficulties and costs of economic exchanges between these regions also led to severing the economic integration that existed between them according to their different comparative advantages. This exacerbated the decline in production in the three regions alike, as it was difficult to reconfigure the economic cycles specifically in each region.

In parallel, the security chaos and the emergence of de facto authorities led to the collapse of the role that the State previously played in framing the economy, even in areas that remained under the nominal authority of the Syrian government. In these areas, the State as an institution is no longer able to curb the domination of armed factions over the financial rents they impose on production and exchanges. In the other areas, the de facto authorities do not have the ability (or perhaps the desire) to reproduce an efficient administrative institutional role, precisely because they need economic rents themselves to stabilize their power.

189 Estimates of the Syrian Center for Policy Research
190 AITA, Samir, 2020a: The Unintended Consequences...
The political economy literature on Syria often devotes a large place to what are called “warlords,” referring to those who have gained influence and benefits as a result of the ongoing conflict, whether they are directing commanding the fighting factions or their “civilian” allies who can economically take benefit on their behalf. Of course, war destroys economic assets and redistributes wealth, which is one of its characteristics. However, presenting the biographies and roles of the "warlords" is often taken from a "moral" perspective, and even selectively in choosing to address some of them and not the others, because they deal with and serve one of the parties to the conflict, for example with the aim of imposing unilateral sanctions on part of them and not the others.

It is useful to recall in this context that the origin of the term “warlords” in the nineteenth century, referred to the noble “Lords” of Great Britain: “Piracy and war gave place to trade, politics and letters; the war-lord to the law-lord; the privilege was kept, whilst the means of obtaining it were changed”\(^{191}\). Clearly, this origin of expression links the three political, military, and economic levels, as well as later literature on the concept. Where "warlords" appear as imposing political power, by virtue of, or under military force, in order to acquire resources and achieve economic rents, or even to destroy resources to prevent others from accessing them, in the context of fragile States or State failure.

Within the recent characteristics of the conflict economy in Syria, the political economy is based on "negotiating", peacefully or by arms, to acquire natural resources; the example of oil and gas being the most important of them, but the volume of the extracted oil and the difficulties of sell it, make the yield of its proceeds relatively weak, and insufficient to sustain one of the areas of influence without the others. The same applies to drinking or irrigation water. However, the importance of these natural resources lies in the ability to harm the other party, more than the ability to extract rents, especially in light of the scarcity of the resources. Probably, these “negotiation” mechanisms precede the need for the existing authorities to secure resources and related services to the citizens who fall under their hegemony, in order to legitimate their authority. Otherwise, foreign aid and remittances from expatriates provide greater rents, as reflected in "faint" conflicts, to pass them through certain mechanisms. Likewise, both internal and external trade provides significant rents, despite the weak domestic consumption. This is also where the importance of controlling the borders crossing points comes, mainly to control imported goods, whether from Turkey through Bab al-Salama (Azaz) and Bab al-Hawa (Sarmada), or from Kurdistan Iraq (Semalka crossing), or from Lebanon (official crossings as well as the various smuggling crossings), or from the sea (control over the ports of Latakia and Tartous), (Figure 14). The international conflict in the Security Council over “humanitarian crossings,” meaning those through which UN aid can be delivered without passing an agreement with the internationally recognized Syrian government, is clearly evident. The same applies to the “crossings” between the three areas of influence, especially the crossings of Raqqa, Qalaat al-Madiq and Jarablus, and the various other smuggling crossings that connect with the largest consumption areas by the size of their population, i.e. the government-controlled areas.

Some of these “internal” crossings are specialized, with oil, for example, in Jarablus and Al-Rai, or on the banks of the Euphrates near Deir Ezzor. Here, too, the international conflict emerges, whether in the

text of the Russian-Turkish "de-escalation" agreement to open commercial crossings, or in the bombing of these crossings at other times.

Figure 14. Map of the crossings in Syria
4.2 Border Crossings with the outside and between areas of influence

Three open official border crossings with Lebanon were monitored, one of which (Al Masna’a) is used to cross international humanitarian aid. Meanwhile, it was noted that the other two official border crossings (near Tartous) are closed. As for the unofficial crossings with Lebanon, they are very numerous and always shifting (Figure 14).

As for Turkey, five "official" border crossings have been monitored, open at varying degrees to commercial exchanges with the areas dominated by the "opposition" factions and Turkey in the Northwest; the most important of which is the Bab al-Salama crossing near Azaz (Figures 14 and 15).
Meanwhile, the Kassab crossing with the areas of the Syrian government (the "regime") remains closed (Figures 14 and 16). With the Northeast, the four border crossings with the SDF controlled areas are closed, while the other two crossings (Tal Abyad and Ras Al-Ain) that connect with the areas controlled by the "opposition" factions and Turkey are now open.

With Iraq, the Semalka crossing with Kurdistan Iraq is open for trade with the SDF areas, while the Al-Yarubiyah crossing is used for US military purposes mainly. The same applies to the unofficial crossing of Umm Jars, that connects the areas under the control of SDF and Mount Sinjar, where the majority of Yezidis reside.
As for the Tel Safouk/Tel Kujer informal border crossing near the "Al-Hol" area and camp, the Popular Mobilization Forces (PMF) is present on the Iraqi side, and it is assumed to be closed. As for the Al-Bu Kamal/Al-Qaim official border crossing, the main crossing between Iraq and Syria, it is most often closed, but it is used to transfer goods and military equipment to the militias.

There are three other crossing between the areas of the factions/Turkey and those jointly controlled by "SDF" and the Syrian (and Russian) army in Maryamein, Sheikh Issa and ‘Abla, while these areas connect with northern Aleppo through the Nubbol and Al-Hadath crossings. Then there are two direct internal crossings between the “Euphrates Shield” and “the regime” areas near the city of Al-Bab, in Abu Al-Zendein and Al-Sawame’. In the Jarablus area, there are several internal crossings towards the FDS-controlled area around Mare’ (Al-Sukkariyya, Al-Hamran, Al-Hamran Al-Gharbi, Umm Al-Joud, Al-Luongi, Al-‘Aoun, and Al-Tokhar) each controlled by a different faction: the “Northern Brigade” (Liwa Al Shamal), the “First Legion” (Al Faylaq Al Awwal), "The Levantine Front” (Jabha Shamiya), “Sultan Murad”. From there, the connection is made to government-controlled areas through the Talha crossing. There is also the main crossing (especially for oil) between the Northeast and the west, in Jarablus.

In the Northeast, the main crossing between the “SDF” and "regime" areas is the Raqqa crossing, and it is a major commercial crossing for petroleum as well as for various products. However, it was recently closed as part of mutual pressures. There are also dozens of smuggling internal crossings between Deir Ezzor and Al-Bu Kamal. In addition, the SDF areas are effectively divided, as there are Syrian army checkpoints in Tal Tamer and ‘Ain’ Issa.

The internal and external crossings play a fundamental role in the Syrian economy and political economy. There are no accurate statistics about the size of these economies except in official Turkish statistics. These statistics showed that Turkish exports to Syria remained at levels similar to those before the conflict, with the exception of 2012 and 2013 (Figure 17). It reached its greatest amounts in 2014, during which the "ISIS" organization took control of a large part of northern Syria, and it was distributed along all types of goods, from food to cars. In 2020, most of Turkish exports

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192 https://biruni.tuik.gov.tr/
consisted of various foodstuffs and household equipment, the total amount of which reached 1,153 million US$.

As for imports from Syria, it decreased dramatically since 2011, except for 2014, and then increased significantly in 2020 to the level of about US$ 205 million US for a year. The most important imports that year were cereals (US$ 80 million), animal products (US$56 million), cotton and its textiles (US$35 million), vegetables, fruits and spices (US$20 million). It appears that a large portion of these products are sourced from the Northeast. In fact, the Turkish exports was recorded as follows according to customs centers: ‘Aintab/Gaziantep (US$ 364 million), Antakia/Antioch (US$126 million), Bab al-Hawa/Cilvegözü (US$121 million), Mersin (US$97 million), Iskenderun (US$87 million), Adana (US$76 million) and Bab Salama/Oncüpınar (US$31 million) and Mar’ash/Kahramanmaraş (US$26 million). Thus, without it being clear through which crossing these goods went to Syria, the Bab Al-Salama and Bab al-Hawa crossings seem to share the largest amounts of Turkish exports. As for the Turkish imports from Syria, they were registered in the Bab al-Salama/Oncüpınar centers (US$47 million), the Al Ra’i/Çobanbey (US$25 million), Tal Abyad/Akçakale (US$47 million), and Zeytindali in Urfa/Şanlıurfa (US$40 million) and Ras al-’Ain/Ceylanpinar (US$12 million), Bab al-Hawa/Cilvegözü (US$14 million), and Mersin (US$10 million). This indicates that Bab al-Salama and al-Rai are the largest crossing points for Turkish imports from Syria.

4.3 Society and economy in the three cities

The three studied cities are similar in some ways. They are all border cities\(^\text{193}\), that they are of somewhat similar sizes, and especially recent cities, despite a well-established history for each of them and their neighborhoods. They arose in their current form with the birth of the Syrian state in the last century, and then grew significantly with rural-urban migration during the period of independence and beyond. Only Tartous is a center of governorate, but not since long, and Qamishli is a major city in al-Hassakeh governorate, and it may have a more important role than al-Hassakeh city, the center of its governorate, because it has an airport. Subsequently, a report shall be devoted to the history, origins and urban identities of these three cities as lived by their residents today, in addition to the results of research and investigation in the social and governance fields. These three cities have undergone various developments during the years of the conflict, during which major transformations have emerged that are characteristic of their conditions today, especially at the level of the political economy in question.

4.3.1 Tartous

Tartous stands out as a city composed of very diverse societal groups, each with different legacies and economic-political networks. Yet it is closely linked to the Syrian State institutions, especially since a high percentage of its economic active population work as civil servants. Most of the residents of the Old City work in trade, fishing and maritime transport. However, the majority of the city’s residents today are children of rural-urban migration, as government employment in the administration and the public

\(^{193}\) Tartous is a border city due to its proximity to the Lebanese border and the city of Tripoli, with which it shares social bonds, as well as the presence of a port.
sector institutions was a major way for their urban integration. Despite this, many of the people of Tartous remained socially and economically strongly connected to their original small cities and villages, to which they go on a weekly basis (especially Safita, its surroundings, and the Al-Khawabi River).

The city’s economy is linked to the industrial and governmental service activities that have arisen around it, such as the cement factory, the port, the railways, the oil terminal in Banias and the refinery, as well as to its great agricultural development despite the limited space available, where the cultivation of greenhouses in the coastal plain has been active. In the pre-conflict years, Tartous was also known as a summer tourism hub, whether in the city’s resorts and the coast or in the villages of the mountain. Despite the large number of government employees among its residents, Tartous and its countryside are not connected with the highest political authorities, unlike Latakia and its districts. However, Tartous’s economy is linked to smuggling activities to and from Lebanon, especially Tripoli, socially bonded to Tartous (Jabal Mohsen, as well as the sons of the two old cities).

Tartous did not experience major events or destructions during the years of the conflict. Rather, it witnessed an exodus from other cities, especially Aleppo, and from all social groups. Most of the displaced have been integrated to the city through the mechanisms of its current diversity. Some of these IDPs introduced a culture of economic initiative that was not previously strong in the city, and they established small workshops and factories that diversified the economic networks within. This is while many Tartous initial residents tended to establish their economic activities in their original towns and villages, and not within the city, because they were more able to mobilize social networks than in a diverse city in which the culture of dependence on the State is entrenched, within a general feeling that the city has paid, through mandatory military service, a high human price in the conflict.

Consequently, the political economy in Tartous experience a competition between the smuggling mechanisms and actors, the State mechanisms, on one side, and between the "war economy" mechanisms that emerged during the conflict and the production mechanisms in and around the city, on the other side. All this in the context of a strong economic interdependence with the rest of the Syrian regions, especially Damascus, Homs and Hama, and a noticeable decline in the cost-effectiveness of agricultural activities in the surroundings due to the difficulty in securing production supplies and their costs (energy, seeds, pesticides, etc.).

Thus, most of Tartous residents live in difficult economic conditions since the economic and financial crisis resulting from the Lebanese collapse. This is especially because many of them depend on government jobs, with the assistance of the revenues of their agricultural lands; all of these revenues having lost much of their purchasing value today. Some charitable organizations are working to contain the crisis, especially those associated with sectarian organizations and, to a lesser extent, those linked to the governing power in Syria. International aid mechanisms, including those of the United Nations organizations, despite their scarcity, are subject to the approval of the authorities and to the corruption of their networks on one hand, and to the pressures from donor countries to reduce dealing with these authorities.

The city council worked to contain the popular frustration associated with the large numbers of those killed or injured as a result of their involvement in the ongoing battles. The council gave them or their
families selling stalls distributed throughout the city, which made the residents calling the "shanty town". All this in the absence of socio-economic policies that support the society as a whole. The city council is also heading to revitalize the tourism and real estate sector, while restructuring the city's waterfront and encouraging the establishment of hotels and resorts. However, tourism activity has lost much of its past momentum, because these resorts have become densely populated throughout the year because of the IDPs. This is in addition to the significant decline in living standards in the country.

Despite these circumstances, there are many opportunities to improve the economic conditions of the city's residents by encouraging small economic activities and social networking to service neighborhoods and residents and promote social cohesion among them.

4.3.2 Qamishli

Qamishli lives in different conditions, as many of its residents in 2010 migrated abroad and IDPs replaced them, especially those coming from other areas in the Northeast. Today, Qamishli is a dual divided city; the government controls some neighborhoods and the "SDF" and the AANES the other neighborhoods, with the exchange continuing between the two sides except for the siege imposed on government areas at some occasions.

Residents of Qamishli also live in close relations with the countryside or the small towns to which most of the population belongs. However, for the majority of them, they are engaging in an ambitious project to establish alternative institutions to the Syrian State through the AANES. However, this project is similar in many aspects of its structures to the administrative project that was established in Syria since the 1960s, and it faces difficulties in dealing with its surroundings: Turkey and Kurdistan Iraq, and especially the Syrian Central Government.

The low level of economic activities within the city draws the attention, despite the need to cope with the economic sanctions on Syria and the difficulty of communicating with the rest of the Syrian regions. This is even for workshops and medium and small enterprises, even commercial ones. Consequently, the political economy in the city depends on the networks linked on one hand to Kurdistan Iraq and thus to Turkey, and on the other hand to the regions of the Syrian government, despite all the caveats of the relations between the AANES and these three parties. The monopoly of a Kurdish-Iraqi-Turkish company over the trade of many subsistence products is noteworthy. It is also noteworthy that the networks with the city of Sulaymaniyah provide some Iranian goods at competitive prices. Of course, this political economy related to imports from outside the region depends on local trade networks, most of which have emerged from the folds of conflict and the adaptation to the mechanisms of the war economy.

Otherwise, an “authority/power” existing “above” the institutions of the self-administration emerge as a major player in the political economy, not only because it dominates the production and marketing of the extracted oil and gas, but also over large agricultural production (wheat, barley, cumin, etc.), despite the dramatic decline in production, as well as major public services, such as the cell phones communication and the Internet, where private companies have emerged in the region. This “authority/power” also appears through the creation of economic establishments in partnerships between the AANES and some investors, in an attempt to get rid of the economic dependence on all
basic products, re-creating here also the production of Syrian political economy mechanisms. However, the political economy of the "crossings" remain essential for Qamishli, whether it is through the "Semalka" crossing with Kurdistan Iraq and the ties it creates with the Kurdish and Turkish authorities and actors there, or the Raqqa crossing, that links with the Syrian authority and its "Warlords", as well as the "smuggling" crossings with the "Euphrates Shield" areas, despite the ongoing conflict with Turkey and its affiliated factions.

The economic and financial crisis stemming from the Lebanese crisis has hit Qamishli since mid-2019, as well as Tartous and Azaz. However, the living conditions are slightly better. Especially since employment in the AANES institutions is very wide, as well as within the fighting factions of the "SDF", similar to what has developed in Iraq more than in Syria, and with wages that have adapted more to the exacerbation of inflation. There are also many international organizations operating in the city, and they are active in the fields of training and information rather than relief. These NGOs pay high salaries and raise prices, especially for real estate, in some neighborhoods.

Despite all this, there are great opportunities, in and around Qamishli, to encourage economic activities and small enterprises. Meanwhile, the obstacles they face are similar to those in government areas, albeit with less intensity.

4.3.3 Azaz

Azaz, as well as the border town of Kilis, is located in the historical province (Vilayet) of Aleppo on the road that connects the city of Aleppo with the city of ‘Aintab (Gaziantep), the second historical metropolis of the province. It has old social relations with Kilis. However, the most established social ties are with Aleppo.

Before the conflict in Syria, Azaz was an area of investment for economic activities from Aleppo, mostly in the agricultural field. However, the biggest and most important role of Azaz is that it was a primary entry point for the smuggling of Turkish goods to Aleppo and Syria, and vice versa. Its role between Turkey and Aleppo increased in the first years of the conflict, until it witnessed great fluctuations, especially when the forces of the Islamic State (ISIS) occupied it.

However, Azaz was isolated from Aleppo in recent times, and it lost many of its ties with it and became more connected to Kilis and ‘Aintab. Then when its security conditions stabilized somehow, and "ISIS" departed from it and its immediate surroundings, it benefited from its presence near the Bab al-Salama border crossing and from the commercial exchanges that it provides with all areas of the Turkish "Euphrates Shield" operation. It also benefited from its proximity to Manbij, its twin city, which is under the control of the “SDF”, and from the smuggling of goods (especially oil) with the Northeast. Later, the Turkish military operation "Olive Branch" against Afrin and "SDF" revitalized its economic environment even more, especially through the control of the Midanki Dam to secure basic water and electricity services. Throughout the years of the conflict, Azaz has received remarkable support from many international humanitarian organizations and “opposition institutions” present in ‘Aintab/Gaziantep, such as the “transitional government” and the Assistance Coordination Unit “ACU”\(^{194}\), funded in

\(^{194}\) https://www.acu-sy.org/
particular by the European Union. Adding to that, the regional political understandings have created a safer environment in Azaz than in Idlib or in the city of Al-Bab.

Azaz is witnessing a split between the city itself and the densely populated displacement camps that surround it, especially those based on the border strip, as the management of these camps' affairs does not lie on the local council. There is also a great dependence on the Turkish government, specifically on the Governor (Wali) of Kilis, as well as on the Turkish relief organization "AFAD" in managing its affairs, especially after the Turkish government imposed "AFAD" to be an almost mandatory passage for international aid.

Consequently, the political economy in the city of Azaz depends on the "elites" regulating political relations and the trade with Turkey as well as on those that dominate the distribution mechanisms of the relief aid. These are the same elites present in the local council. However, these “elites” compete in some matters with the "elites" of the other cities that are also under Turkish control and the factions loyal to it, especially those in the nearby city of al-Bab and the others in the vicinity of Idlib, the most important of which being those of Sarmada, which dominates the import trade of Turkish goods through Bab al-Hawa border crossing towards all Syrian lands, including government areas. Consequently, Azaz's vital economic sphere remains currently narrow, confined to its immediate neighborhoods where the influence of its local council extends, without real coordination even with the local councils of al-Bab or Jarablus.

In fact, economic activity has significantly decreased in Azaz and its surroundings compared to situation prior to the conflict, whether in agriculture or in other activities. This is while the continued flow of aid for a long period in the form of in-kind distributions had played a role in reducing the prices of some local products in the market due to the recycling of aid and thus in thwarting local agricultural and livestock production.

There are still capabilities in Azaz from the old Aleppo legacy that help the emergence of small companies that can meet some of the local needs and create job opportunities for a region that greatly lacks livelihood through employment. However, the revival of Azaz is not practically possible without expanding its vital area into the markets of Aleppo or other markets larger than those of today.

4.4 Political Economy and the "Warlords" of the Three Cities

As indicated above in Chapter 1 (section 1.3), what matters in this research is the political economy of the Syrian reality of today, and thus the economic mechanisms that the dominant authorities in each of the three Syrian regions and the three cities under study rely on to extend their hegemony and negotiate with the authorities of other areas. And since the situations are situations of conflict, "warlords" perform the roles required to secure this political economy, which can be described as a "war economy". Consequently, it is important to explore the extent of the association of "warlords" with the

195 https://en.afad.gov.tr/
military and political authorities in the three areas of influence concerned, whether they are local or regional and international authorities by proxy.

In this context, it is useful to check whether these "lords" had a role in the political economy prior to the conflict, or whether they originated within the conditions of the conflict and within the needs of its current realities. It is also useful to distinguish between those whose role is confined in their own areas alone and those whose role crosses over the three spheres of influence or through the neighboring countries and regional powers. The difference is considerable between the two cases, that local and that crossing the lines of separation and borders, due to the different roles in the types of negotiation or alliances that they implicate politically and militarily, as well as economically and in the rents collected\(^{196}\).

It should be noted that it is useful to take a distance in the analysis from the purely ethical dimension of the political economy of war and of warlords. It is true that the motives of warlords are shrouded in greed, but at the end, they fulfil an economic and social need other than that the political ones. After 10 years of conflict and devastation, the country's economy has weakened considerably, and has largely lost its existing internal and external economic networks. It is imperative to secure new paths for value chains, at least for basic goods and services, for citizens, despite or as a result of conflict and division into areas of influence.

Field investigations conducted by the researchers revealed a number of prominent warlords in the three cities. It is useful to explore their economic roles and their political and military relations in the context of the political economy analysis and the monitoring that was accomplished in this research. A distance should also be taken from the quarrels resulting from the conflict through newspapers and social media, about businessmen who work within this or that region, especially those who have long established productive institutions. They also fulfil an economic and social function.

**4.4.1 Tartous**

The surveys of the value chains in Tartous have not revealed a city-cantered political economy that has a dimension wider than the city itself and its governorate. The main source of revenue is that of the port of Tartous, but it is the "Fourth Division"\(^{197}\) that dominates it. This 4\(^{th}\) division also dominates the haberdashery, iron, copper, plastic and cigarettes trade. It has already been mentioned that those at the head of the hierarchy of political power in Syria do not come from Tartous and its environs. There is only rent-seeking coming from the networks of "smuggling" of ordinary goods, as well as the contraband with Lebanon, which plays a role. However, the closer smuggling routes to Tartous lie in Tal Kalakh and Wadi Khaled, and they have their own networks, which are directly linked to the institutions of the higher authority.

\(^{196}\) The classification of the warlords, their patronage networks, and the legitimization mechanisms that each type uses to establish its authority and interests will be addressed in the upcoming Special Report on the Study of community and governance developments in the three cities.

\(^{197}\) The "4th division" is the most powerful division within the Syrian army, assumed as a Republican Guard directly linked to the highest authorities of the power system in Syria.
Consequently, most of the political economy of Tartous is local, based around real estate rent-seeking and the electricity generators that are linked to the local council and the management of the governorate. As in Lebanon, the struggle over the “modernization” of the city’s waterfront takes a major role, as well as the proliferation of private generators that serve the different neighborhoods, while the local council has no ability or desire to control its locations or their prices of its services. This is in light of a security chaos and non-Official checkpoints by armed groups, imposing “royalties/bribes” on goods, shops, factories, and citizens, especially those who have fled from other regions and have no local relations.

Prior to 2011, there were some economic actors that originated from Tartous. Among them are Mahran Khuanda (born in 1938), the owner of the "Qadmous" company, the largest fleet of buses for transport between the governorates, the agent of Mazda Cars, and the investor in a number of Syrian banks (Syria and the Gulf, Syria and Overseas, and Cham), as well as in Syria Holding. Among them, too, was Waheeb Mir’ei (deceased), who was a big merchant of Ukrainian Iron, and owner of an iron factory in Tartous, in addition to shipping companies and the "Holiday Beach" resort. There is as well as Khuder Hussain Al-Sa’adi, agent of Toyota Motor Corporation, and a member of the People’s Assembly for several terms. Also, Mohamed Ali Wahhoud, owner of the “Intrados” company for Real Estate Development, which entered into a legal conflict in Egypt with the "Porto" Holding Group for Tourism Development. The assets of some of these actors were seized by the Syrian authorities and some stayed for most of the conflict period in Lebanon.

As for the new local warlords, there are many examples in Tartous, among them Ali Muhanna and Abu Ali Khider.

The young Ali Muhanna was not known before the conflict. He comes from a poor family from the village of Khirbet al-Ma’zeh, near Tartous. Before the years of the conflict, he worked in various activities, the last of which was a car wash worker on the outskirts of the city. He emerged through his combat formation of the “Fawj al-Sahabat” Militia, which he had mobilized from his village, and which joined the “Tiger Forces” led by Suhail al-Hassan, a former officer in the Air Force Intelligence. His wealth came from his military role (the looting of fighting areas, including pistachio crops, and the control of “smuggling” through the fire lines crossings of fuel and other goods). Through this wealth, his role in trade emerged through his establishment of “Al-Muhanna Trading Company” (located near his village on the Tartous-Safita road), specialized in motorcycles and their spare parts. His role expanded also politically through charitable works offered to the families of the martyrs or to some government institutions, and through that, he began his strong presence alongside the governor of Tartous, the head of the city council, as well as along the chiefs of the city branches of the security services.

The restructuring of the "Tiger Forces" by the Russian army within the “Fifth Corps” in the Syrian army made him lose his military role. He also entered into a commercial conflict with a major agent of motorcycles in Syria and Lebanon, the Al-Akkad Trading Company. One of the biggest Syrian-Lebanese gangsters was sent to threaten him, so that he ended up with the “seizure” of part of his financial assets

198 https://www.dostor.org/2556708
200 Which later became the “Division 25 Special Missions”; http://bit.ly/2P9650o
and the halting of many of his activities that he launched in Nabek (near Damascus) and Latakia ("as if the mouthpiece says your influence is merely in Tartous", according to the interviews), so his influence was limited to the city level and some of its countryside, in real estate and other projects. But, his influence remained at the political level (the municipal council) and the local militias. It appeared on social media when he competed with Ammar al-Hajj, the investor of the new bus station in the city, and gunfire clash erupted between the two parties, until a major smuggling militia leader of Tal Kalakh, called "Ghawar", succeeded to mediate between the two. Muhanna name was under spotlight again, when he was openly criticized by a member of the local council, Rami Al-Khatib, over the way he obtained his real estate assets, which ended up beating up Al-Khatib publicly as a punishment.

As for Khider Taher, known as Abu Ali Khider Al-Jiji, he also comes from a village near Safita and owns security, contracting, and investment companies. The population of Tartous considers him a front face for Maher al-Assad\(^2\) and the Fourth Division. He was prominent in the value chain analysis setting up the "Al Rabi’e" food factory in Jeb Al Amlas near Safita.

### 4.4.2 Qamishli

Prior to the conflict, the political economy of the city of Qamishli cantered around major agricultural crops, such as wheat and cotton, and their connection with Aleppo, the oil and gas extraction services, as well as the smuggling trade with Turkey and Iraq, especially since the Qamishli/Nusaybin border crossing was open for the transit trade passage from Turkey towards the Al-Ya’rubiyah crossing to Iraq.

Some of those in charge of this political economy have their role greatly evolving during the years of conflict. Their example is Fouad Ahmad, nicknamed "Sheikh Abu Dallo," who used to work in foreign exchange trading and the smuggling of cigarettes before 2011 with privileged relations with the security services in the area. Today, however, he is called the “Qaterji of Al-Jeziresh”\(^2\) or the “Rami Makhlouf of the Autonomous Administration”\(^2\), as his activities expanded until it dominated most of the currency exchange market in the city, through the “Khayrat Al-Jazirah Company”, located in the security square of the city center, as well as on smuggling individuals to Turkey, then goods and fuel between the different areas of influence. His relations with the leaders of the AANES allow him to be accused, without being held in any way accountable, of the smuggling of fuel products to the government-controlled areas, what angers the United States, and of the smuggling to the areas of the armed groups linked to Turkey, what angers the local communities.

On a more local level, Joan Akkash Youssef\(^2\), who owns the “Al-Ikhlas” Money Transfer Company, and the Joan Postal Services Company, has also emerged, and his “Sama Al-Sham” Airlines Company was recently licensed. He was economically active before 2011, but he has expanded greatly his activities, especially in the real estate field. He owns the only two towers in the city, as well as the buildings that international organizations rent. And he is remarked, as Abu Dallo, especially with the hosting of concerts that bring famous singers from all over Syria and form Kurdistan Iraq.

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\(^2\) The brother of the President Bashar Al Assad, and the assumed chief of the “Fourth Division”.

\(^2\) [https://www.zamanalwsl.net/news/article/122776/](https://www.zamanalwsl.net/news/article/122776/)


\(^2\) [https://bit.ly/3u4SI0w](https://bit.ly/3u4SI0w)
With a lower profile, is Ismail Abdi\textsuperscript{205}, the founder of the Iraqi-Turkish Kurdish brand “Al-Nawras”, that dominates the markets for consumer, food and other products in the Northeast, and which has been referenced in the value chain research. He also owns a foreign exchange company.

Despite the importance of the activities of the above actors and their role in the political economy of the city of Qamishli and the Northeast, there are activities that emerged with the conflict that are significant sources of rent-seeking, bringing substantial contributions to the sustainability of the power of the SDF: oil and communications, in addition to electricity generators.

In the field of oil, it was indicated above (paragraph 3.4.2) that the "Al-Jazeera Company" dominates the oil and gas fields. No information is available concerning its official listing, ownership, and how it contracted with American companies to improve production\textsuperscript{206}, repair gas turbines, and install other equipment. In fact, there is no accurate information available about the actual volume of production and how the quantities that are not exchanged and consumed locally are marketed.

Mystery surrounds also the issue of cellular communications and internet networks. Only the Syriatel company, which was owned by Rami Makhlof\textsuperscript{207}, operates in the Northeast; and not its competitor MTN. However, it prevents international calls through it. It is not clear how the phones operate in the Northeast, without the supposed mandatory official identification on the Syrian network. The AANES "licensed" its own telecommunications company, “RCell”\textsuperscript{208}, based in Istanbul. Its activities began in mid-2016 by extending a land line from Iraqi Kurdistan to operate the Internet on the fixed phones, whose network is owned by the public establishment of telecommunications. Then it extended its services to the mobile phones, where it placed special devices on the towers built by Syriatel and MTN companies, that the cell phones could recognize through a special chip. Then it built its own towers; and it now provides 4G services for communication, while it has banned the use of the Turkish Internet in its regions. It is noteworthy that the company’s website is located in Montenegro (former Yugoslavia)\textsuperscript{209}, and that the Syrian line that connects the service insures phone calls via the Syriatel network and the 4G services via “Rcell”. Here, too, the official “Rcell” listing, its ownership, and its relations with Syriatel and the public establishment of communications are not clear.

**4.4.3 Azaz**

The political economy of Azaz before 2011 was based on the smuggling activities with Turkey, with some joint activities with Aleppo in the agricultural (including poultry) and industrial fields. Surely, the kin relations between Azaz and Kilis facilitated the development of the smuggling trade, especially before the Syrian-Turkish Free Trade Agreement in 2014. The citizens of Aleppo used to go to Azaz to obtain Turkish textiles and goods without embarrassment.

\textsuperscript{205} https://www.facebook.com/abdi47.tr/
\textsuperscript{206} https://www.facebook.com/watch/?v=2625233874360756
\textsuperscript{207} The cousin of the President Bashar Al Assad. The assets of Syriatel were seized by the public establishment of telecommunication in May 2020, in one of the most publicized internal conflict within the first circle of power in Syria.
\textsuperscript{208} https://rcell.me/
\textsuperscript{209} https://www.facebook.com/Rcellinfo/
In the years of conflict, the city’s elites were forced to choose between staying in the context of the frequent change of controlling powers or being displaced to areas controlled by the Syrian authority. Many of them have adopted this last option. What remained in Azaz were mostly the economic elites at the local level.

This is how the name Abdullah Haj Sa’eed emerged, as he dominates the import of construction supplies and household appliances from Turkey, through his partnerships with businesses in Kilis. He is also active in the housing development and real estate. He was appointed by acclamation as the first head of the city’s local council\textsuperscript{210}, especially for his close relationship with Zakaria Eid, nicknamed Abu Ali Sajjo\textsuperscript{211}, one of the leaders of the “Northern Storm” faction under the “Levant/Al-Shamiyah Front” and the security official responsible of the Bab al-Salama border crossing. Then his activities expanded to include foreign exchange and the import of European fuels (colliding thus with “Watad” Company affiliated with HTS). He also opened a factory for sanitation supplies and a cement mixing plant. Abu Ali Sajjo dominates the activities of humanitarian NGOs, employing his tribe members in them and forcing them to buy their tenders through his intermediaries, because of his control over the crossing and the surrounding villages of Sajjo, where most of the displaced camps are located.

Another member of the local council is Ibrahim Sam’o Derbala, who also works to import toys, medicines, motorcycles, used cars and tobacco/cigarettes via Turkey from China and elsewhere. He used the council’s decisions to serve his own business, and also worked with another colleague in the council, Ahmed Ashmawi, to establish freely several commercial stores on public properties in the new Al Hal market in the city.

One of the residents of nearby Tal Rif’aat town has great influence in Azaz. Muhammad Nawwaf Turki Al-Weissi, the owner of the largest fleet for fuel transport, and partner of Sheikh Abu Dello for supplying fuel from the AANES areas, as well as of the “Northern Storm” faction, which provides them protection. His relative, Sami Al-Weissi, dominates the import of fuel and gas from Turkey. The interviews indicated the existence of “another type of warlords… being the leaders of the armed groups, who merchants transporting their goods to pay royalties/bribes, as they control the checkpoints and crossing points within the “liberated areas”, or between the “liberated areas” and the areas of the Syrian government and the Autonomous Administration. This is what made them refusing the opening of crossings with the regime and the Autonomous Administration, because if these crossings are officially opened, they will not be able to put large fees on trade between these areas, as it is currently and openly the case today, especially that the fees are very high, what increases the prices of commodities because of such fees”.

In all cases, most of the "warlords" in Azaz remain with local influence only. They are not able to compete with the big "warlords" of Sarmada, who dominate the other international trade crossing, Bab Al Hawa, that feeds not only the opposition areas, but also the government areas and part of the Autonomous Administration areas. This is in addition to that it is the main border crossing for UN aid to the opposition areas. Only Ak energy, which arose from agreements between the warlords of Azaz and the businessmen of Kilis, and now provides electricity to areas wider than Azaz and its surroundings, has

\textsuperscript{210} https://bit.ly/3deAmDr
\textsuperscript{211} https://bit.ly/3czORme
begun to take large dimensions. The cultivation of Hashish (cannabis) that has spread in Azaz surroundings can also give some "warlords" a regional role, according to an interview with the Drug Fighting Directorate in Lebanon, "even though Azaz hashish is of lesser quality than the Lebanese hashish".
CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

This detailed study shed the light on several results concerning the value chains of the products and services that are essential for the living of the citizens in the three cities: Tartous, Qamishli, and Azaz. This is at a period when their control by different powers has rooted and while they are affected by the consequences of the now-ten-year-long conflict and the unilateral measures (sanctions), in addition to the last two crises, the financial collapse in Lebanon and the COVID-19 pandemic. These latter crises had their serious impact with the confinement and health measures, the related economic impediments, and especially the accelerated devaluation of the Syrian Pound, and the rise of hyperinflation. Are depicted below the most significant conclusions affecting the livelihoods of citizens, the political economy (or the political economies) and their interrelations:

- The actual value of wages has decreased significantly compared to the significant increase in the price of the Survival Minimum Expenditure Basket (SMEB), so that even an individual who works daily without interruption has fallen below this poverty line, and thus also his family. The level of this poverty is the worst in Azaz, followed by Tartous and Qamishli. This is while job opportunities remain rare in comparison with the number of newcomers to the labor market, even before the conflict, not accounting the devastation that it caused to the productive facilities, and that most of those employed were already "informal"; that is, without social protection if they stopped or are stopped working for one reason or another. With the significant decline in the demand for employment, a significant competition emerged between the displaced who receive in-kind assistance in their camps and the urban workers who do not receive it.

- This reality has its consequences, particularly a tendency to gain revenues by joining armed militias on all sides and not being able to commit to the health confinement measures, as there is no compensation for the loss of employment to insure livelihood. This means that, if the situation continues as it is, violence could increase significantly for purposes linked with livelihood. Otherwise, there is also a tendency for young people to work in public administrations, especially in the police and security forces of the different sides, as the financial support has stopped to many fighting factions, which made their members openly resort to encroaching on citizens and properties to secure their livelihood or to submit to the temptations of fighting wages outside Syria, as in Libya, Azerbaijan and Yemen.

- The rapid collapse of the Syrian currency exchange rates and the accelerating inflation that followed it greatly destabilized the marketing networks of goods and services and confused their pricing even within a single day. It is remarkable that the price inflation of many of these goods and services preceded and surpassed the devaluation of the exchange rates. Meanwhile, the transfer of some regions to the exclusive use of the Turkish lira constituted an additional
factor of inflation, especially with regard to simple daily subsistence commodities, the prices being rounded towards the smallest present banknotes/coins of the Turkish currency.

- **Agricultural** production in Syria has greatly decreased, and it has become dependent on rain-fed agriculture without irrigation, which used previously to provide most of the production. The cost of irrigation has become considerable with the increase in fuel prices and the difficulties of obtaining it due to the scarcity of its quantities, as well as with the crumbling of the irrigation canals networks. In addition, most farmers lost the agricultural guidance provided by public institutions, as well as the seeds, fertilizers and medicines required for production; the costs of which increased dramatically. This means that Syria as a whole has lost its food security and is forced to import basic agricultural materials, including in the three studied cities, while these three cities were located in previously large agricultural production areas. Add that agriculture needs markets to sell seasonal produce. In fact, the country is fragmented and the costs of transporting goods between and within the fragments are very high, especially for the fees imposed by the checkpoints between and within the areas of influence, which have increased significantly in the circumstances of the Covid-19 epidemic. The “warlords” who lead the fighting factions or those associated with them are not interested in agriculture, which requires efforts all over the year. Rather, they import competing products, even in season, that ruin local production. Whereas the agricultural projects that were supported by the humanitarian NGOs did not prove their effectiveness and their sustainability.

- The chain that provides **bread** as an essential need, starting from wheat and flour towards the distribution to citizen, suffers from major difficulties in all areas of control. All of them have to import wheat or flour, that are no longer sufficient, with foreign support. This is even in NES, where white wheat is needed for the quality of breadmaking. There are also major problems regarding the work of mills and bakeries, which also need fuel. Yet the biggest problem lies in the ability to reach consumers with subsidized prices tailored to their low incomes. This subsidization creates huge corruption networks, while it requires organizing bread distribution in neighborhoods. The most costly subsidization occurs in Tartous and government-controlled areas, and the weakest local organizational capabilities are in Azaz. A non-qualified worker’s daily wage in Azaz reached approximately in October the price of eight packs of bread, in comparison with 23 in Qamishli and 45 in Tartous. It is noteworthy that flour and bread have become a political means for negotiation between the governing powers in the different areas, as well as a means of direct control over the citizens of the area.

- Due to the division of the country into separated areas controlled by different powers, the **value chain of wheat** is crumbling. Deterioration has hit the government mechanisms which used to support its cultivation and the quality of its seeds, in exchange for buying the harvest at prices protecting from global markets fluctuations, has been severely shaken, especially in NES, the most productive region. This means that things are headed into the direction of even less production and further crumbling of basic food security. Also, wheat is becoming a tool of the war economy and of the “warlords” on the contending sides. This is in addition to the fact that the distribution of large quantities of Turkey-produced bulgur through international aid had
considerably “broken” its prices in NWS and NES, what made this other source of revenues for wheat farmers ineffective. These mechanisms that undermine agricultural production concern not only wheat, but many agricultural products.

- With the major decline in purchasing power, most citizens have opted for chicken meat instead of beef and sheep meat because of the high prices of the latter two. But the chain of production of poultry, which used to see a surplus for exportation, had also been collapsing and centering around few major players who are able ensuring imports of fodder and medicines, and bearing the losses in a market witnessing large fluctuations facing large importers. The imports of chicks, and even frozen chickens, had undermined the foundations of the local production. In addition, there is numerous reports on uncontrolled marketing of spoiled or expired meat products. In this regard, Azaz and its region, which was a major center of production, has lost its advantages and NES became almost entirely dependent on imports.

- The same goes for cow milk, albeit on a slower pace. The market concentration is occurring around networks able to import supplies, to package and to distribute, all together, except in NES. However, this concentration around quasi-monopolies can not supply sufficient quantities for the local consumption, and is incapable of producing infant formula, especially after the burning of the Nestle factory near Damascus. Infant formula has since been imported, especially from Iran, even in Qamishli, or from Turkey in the case of Azaz, with some level of competition.

- What is noteworthy in regard to the other food products whose raw materials are produced locally, such as lentils, chickpeas, pasta, and tomato paste, is the concentration of the market around certain players who combine also the manufacturing, the packaging, and the distribution. Most of these players are in government-controlled areas, but capable also to be present in Turkish and Iraqi markets, and therefore reach all areas of control in Syria. They have to compete with a Turkish-Kurdish-Iraqi company in NES. A tendency seems to lead to a situation similar to that of Iraq after the invasion in 2003, and the collapse of the agricultural and agri-food sectors there, when its markets became strongly linked with the food industry of Southeast Anatolia in Turkey. Here too, especially in NWS, the aid distributed pushes the prices down, and diminishes the profitability of local agricultural production. In general, the food industries that rely on Syrian raw material are losing a lot of their capabilities, due to the conflict and the partition, in addition to the devious competition that results from reselling humanitarian aid, for the competition has become fierce with Turkish and Iranian products alike.

- The concentration and the ability to dominate the markets of all three areas reach their paroxysm when it comes to agricultural products whose raw materials are not produced locally but rather imported, such as tea, sugar, rice, or vegetable oil. Companies emerge in this domain which are able to get governmental (be it Syrian or Turkish) support and circumvent sanctions.

- The situation of non-food products, such as cleaning products and toothpaste, is similar to the situation of food products, with major players having emerged in the market. The difference is that the role of the marketing and distribution networks that were entrenched before the
conflict are more important, especially the products that have renowned international trademarks (brands).

- As for **cement and steel**, the conflict took Syria to enter the major international oligopolies game and market distribution, with the difficulties that the State-run factories are facing due to corruption and sanctions even before the conflict, and the difficulty of procuring fuel and maintenance during the conflict. These oligopolies began to share the divided areas of control in the country among each other. However, some industries linked to construction, such as for turning iron into steel bars remained active in government-controlled areas and benefitted from the recycling of war remnants.

- **Drinking water** is no longer treated as an essential public service, with the regression of the role of the State, its power, and the difficulties in providing power energy for pumping and treatment. On many occasions, it is used as a tool of conflict between the different sides, as well as a tool of local domination in every area of control. What is noteworthy is that the international aid mechanisms did not succeed in creating means for sustainable provision of drinking water, even for a city as small as Azaz. The same goes for the countries that dominate parts of the Syrian territory.

- The **population** of Tartous and Azaz doubled between 2011 and 2019, while the population of Qamishli slightly decreased. The three cities, however, are now home to a large number of **IDPs**. Two thirds of Azaz’s population are IDPs; one third for Tartous and of Qamishli. There are no IDP camps inside any of the three cities, and there is no notable destructions. Thus, the IDPs and families that have grown demographically during the conflict, have used the **dwellings** of those who were displaced away or sought asylum abroad, and more dwellings were constructed. Also, residents were redistributed across neighborhoods, forming social cocoons at the local level.

- The prices of **real estate** soared during the conflict, especially in Tartous, which also saw a major increase between August and October 2020, as investment in real estate remained a main resort facing the hyperinflation and the deterioration of the exchange rate. But the rents remained somehow low in Tartous as well as generally in Qamishli, in comparison with Azaz, what indicates the lack of desire to rent in the latter. These developments occurred on different paces, depending on the different neighborhoods in each of the three cities, as part of re-concentration of inhabitants along sectarian, ethnic, tribal, or class-based lines. Real estate development projects in all areas were directly linked with the **de facto** authorities as well as with the real estate developing class that emerged during the conflict, especially that which dominates the markets of building materials, by essence monopolies.

- With the sudden appearance of the **COVID-19 pandemic**, workshops and small factories adapted to produce many preventative supplies, in government-controlled areas and in NWS, but not in NES. Nonetheless, the situation remains fragile with the collapse of pharmaceutical industries in Syria and the dependence, in all areas of control, on one alcohol factory in Homs. This is with noting that the powers of influence in the three regions are not able to impose precautionary measures to prevent the spreading of the pandemic and find ways to support the
livelihood of citizens in light of its weak capabilities and the scarcity of external support allocated to the repercussions of the epidemic.

- It should be noted that the three examined cities are border cities, famous since the pre-war era for the existence of networks that are able to “smuggle” across international borders, and to evade public policies, and also for their ability to access the policy makers and “corrupting” them. The situation aggravated during the years of conflict, with the central government’s weakening and the domination of the combating forces on central and local administrations alike. The smuggling and illegal activities play a significant role in the political economy of the three cities alike.

- It is also remarkable that the amounts of Turkish exports to Syria remained roughly the same as before the conflict, with more than one billion dollars yearly. They are carried out especially through the border crossings controlled by the "opposition" factions, before being smuggled to the Northeast and the government-controlled areas. It seems that competition for this smuggling is taking place between the border crossings of Bab al-Salama, al-Ra'i and Bab al-Hawa. The year 2020 also witnessed a noticeable increase in the Turkish imports of Syrian agricultural products to the unprecedented level of 200 million US dollars annually, most of them originating in the Northeast, and they are exported especially through Bab Al-Salama and its vicinity.

- Thus, some of the players that used to base their activities on "smuggling" became more active in order to benefit from the facts of the conflict. They became the symbols of "warlords" in the areas of influence, whether to supply from abroad or to play the role of commercial mediators for exchange between the areas of influence, within complex relations with the de facto armed authorities in these areas.

- However, most of the "warlords" in the three cities have local influence only, not beyond the city and its environs. This is while the large rent-seeking come from the direct domination of the oil and fuel trade, electricity and telecommunications services, which are linked to and negotiated at the top of the hierarchy of the de facto armed authorities in the three regions.

5.2 Recommendations

The ten years of conflict in and on Syria, the unilateral measures, and the division of the country into territories controlled by different groups, all led to a massive deterioration of the Syrian economy and its mechanisms, especially leading to its loss of food and medicine security. Syria depends now, in all areas of control, on international aid and expatriates’ remittances. The Lebanese financial crisis came in 2019, followed by the spreading of the COVID-19 pandemic and its preventative measures to exacerbate the situation. It is unclear how the international aid will keep up with this deterioration and help the country sidestep a human catastrophe, especially if the country experiences a draught year. It is also unclear how the different de facto authorities ruling different Syrian territories will deal with this deterioration and evade the increase of the domination of “warlords” over citizens’ livelihoods. Is also unclear whether the sanctions on Syria and the international policies preventing any “reconstruction” or
“recovery” efforts will be reconsidered, even if it was to ensure the sustainability of the citizens' livelihood?

It is possible, however, to extract certain recommendations on the matters addressed in this study, building on its results:

- The manner in which international aid is distributed could highly affect the local economies, especially when it comes to imported products that are locally produced or could be produced. This aid is being recycled, the prices lowered, and the local production weakened. It is preferable for this in-kind aid distributions to be restricted to certain periods of acute crises and to be rapidly replaced with financial or development aid that could invigorate the local economy cycle and the job market. This is in order to achieve the main principle of international aid: “do no harm”.

- Likewise, the continuous subsidization of prices over a long period opens up significant opportunities for corruption and smuggling of subsidized materials to neighboring regions or countries where prices are higher. These subsidies drain foreign exchange resources if the product is imported and hinders local production if it is grown or manufactured locally. In addition, this kind of assistance to the population benefits those who do not need it more than the needy, and it is preferable to replace it with monetary or developmental assistance.

- Despite the major deterioration of infrastructures and the difficulties of procuring production supplies, especially power, the capabilities to economically adapt and produce in spite of the many obstacles is noteworthy, especially in Tartous and Azaz. Therefore, it is preferable that international aid seek to support these capacities to adapt and invigorate it in the areas wherein it is lacking. This is especially in NES.

- In all cases, international aid organizations should monitor the distribution mechanisms of the aid they are providing and its effects thereof on the ground, independently of the local actors who make this distribution. Given the fact that this aid has been going on for a while, the INGOs should include the political economy that results from this aid as a background at the core of their programs, as not to encourage monopolies, “warlords” or the perpetuation of the conflict.

- A livelihood catastrophe could not be avoided for long if the situation remains as it is, if the local economy is not stimulated again, and means for the citizens to work and earn revenues are not found. The prolongation of the current conditions will ultimately lead to more chaos as more fighting over sources of income will occur, and more youth will join militias that fight locally and globally. Furthermore, neither the oil resources nor the natural resources in Syria suffice to reach the present situation of Iraq, where Turkish and Iranian products dominate the market, without local production and without job opportunities other than in governmental institutions. This especially applies to NES, if it is ever isolated from the rest of Syria.

- Prior to the conflict, the Syrian economy relied on integrated chains of production across all areas, and there are fears today that very different economies will be entrenched in each of the three areas, and each area to be linked more with the economy of its neighboring countries
rather than with domestic market complementing each other. Therefore, it seems that the UN should, as a priority, work on facilitating the crossing of goods and products freely between the three areas, in agreement with the de facto authorities in those areas and with the foreign powers that dominate them, under the condition that the existing power in Syria should not monopolize and use this integration as a weapon and mean of negotiation. This will constitute a proof of the commitment on the unity of the Syrian territory, and a guarantee for a post conflict Syrian economic recovery. It could also help lay out the foundations of a cooperation that could help ripen the political solution.

- Whether in terms of humanitarian aid or unilateral measures (non-UN sanctions), dealing with economic actors, especially large ones, needs a lot of rationality, away from the media war waged by the "warlords" against each other in the three regions. The question should always present on who will really benefit from the step or action that will be taken?

- Encouraging small and medium economic activities (SMEs) is not an easy matter. They will remain surrounded by the war economy, smuggling and rent-seeking, while those may be however needed to ensure the procurement of raw materials. But a proper evaluation of the production chains of these activities shows that there are real possible opportunities, especially if a networking between the projects of these SME activities is created, as well as for the means of marketing and distribution. This is especially if there were drivers pushing for the creation of sectoral cooperatives. The assistance and aid could be made collectively; the projects of those activities could also receive high quality expertise collectively. They can also collectively be assisted to obtain imported ingredients for local manufacturing, which are hard to be imported otherwise; this is within market mechanisms and with some subsidization to compensate the importation “transaction costs”. The subject of establishing sectoral cooperatives, some forms of which used to exist in Syria, may be dealt with in the forthcoming researches, or even in future experiments on a local level.

- Finally, it is useful to note that the weakness of economic circulation within each area and between areas is a major cause of the high inflation that the country is experiencing. In addition, the infrastructures have significantly deteriorated. This is while the demographic growth is still present and consequently the growth of the population and housing, what makes basic services for citizens deteriorate significantly despite some efforts, in all regions. This situation, with the collapse of the income of the population, encourages mechanisms of corruption and monopolies, whose revenues finance the continuation of the conflict and excludes the possibilities for the rise of the society in the face of militias and the various de facto authorities, even to secure their economic and social rights to a minimum. Therefore, it is better for all means of assistance and support to adopt the goal of reactivating the economic wheel and the movement of goods and between the different areas, as well as development activities, to get out of a vicious circle.
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APPENDIX 1: THE METHODOLOGY OF THE RESEARCH

Introduction and Criteria

This socio-economic research comes as a continuation of previous research activities on local governance and as an entry point to further research on identarian social aspects and governance. The research focuses on three main cities: Tartous, Azaz, and Qamishli. These cities were selected based on a set of criteria: (1) in terms of being cities of medium size, (2) in a perimeter consisting of a network of small cities and villages connected to them administratively, socially and economically, especially in light of the high rate of rural-urban migration during the conflict period. (3) They were also chosen because they are border cities linked by internal and external trade routes, and also because they are (4) cities of local and external social and political importance in terms of the geopolitical areas of control, (5) each of them is located in one of the three main geopolitical control areas in Syria, what can illustrate the nature of the different political, administrative and commercial relations between the same different local forces, as well as with external States and actors in the Syrian conflict. (6) They were also chosen as cities with strong social networks and where the civil society organizations and relief NGOs have a strong presence.

This research was based on quantitative and qualitative collect of information and analyzes aiming at creating an accurate image in monitoring the complex and dynamic realities. In addition to the quantitative and qualitative databases already available to researchers, the research relied on three basic means to draw such a complete picture of the social economy: namely, a price survey and an accompanying questionnaire, as well as a specialized secondary research. All this was done thanks to a network of 35 researchers, research coordinators and data collectors. More than 100 key informants and hundreds of others were consulted in the price survey. This research began in July 2020 and ended in January 2021.

Research Tools

The first tool was to survey the prices of basic materials and services in the minimum survival basket (SMEB), as defined by the United Nations, as well as other goods and services totaling 49, divided into food, non-food, health and construction (including wages and real estate) items. The combination of these items forms collectively the backbone of the community economy at the local level. The price surveys were carried out in each of the neighborhoods of the three cities, as well as in the surrounding cities and towns, in addition to other important cities not far away. This is to obtain comparative indicators of the economic activities distributed over the four broader geopolitical contexts in Syria. Consequently, prices were surveyed in 96 points, i.e. 53 cities, towns, villages or neighborhoods, through one field research coordinator for each of the three cities. In addition to the coordinators, there were 28 data collectors distributed among the survey points. Thus, the survey was conducted in 9 neighborhoods in Tartous, 15 neighborhoods in Azaz, and 22 neighborhoods in Qamishli. As for the
other locations, which are outside these cities, they totaled 50 points. The survey was conducted twice: the first in mid-August and the second in mid-October 2020. The second survey focused on specific brands and varieties, that the first survey showed their importance and clearly their large role and thus the role of their trade and merchants in the local market, and the Syrian and regional markets. As a result, the first and second surveys of commodities and their sources in all survey points accounted altogether for approximately 20,000 data entry points.

The second tool of research was consisted on a socio-economic questionnaire in order to understand the qualitative aspects of the price survey, as for the sources and mechanisms of supply, distribution and control in the market and local services. This questionnaire was conducted through 100 interviews performed by 5 field researchers and research coordinators, based on their local connections with key persons representing a very wide range of local actors, from "official" institutions, private service providers, traders, producers and consumers, concerning to the 49 items surveyed. The researchers, using a list of questions classified by item, conducted open and semi-open interviews and engaged dialogues with key informants according to the objectives required by the research. Such objectives were set before each interview to obtain the possible knowledge according to the profile of the key informant. The methodology of the field research relied on an attempt to describe the existing problems and dynamics, paying attention to details on one hand, and supporting any inputs with examples and case studies from the ground, on the other hand. This report did not include all of the collected information.

Then, the price surveys and the responses to the socio-economic questionnaires were analyzed together in order to understand the trends of the local market, the mechanisms of controlling it, their main methods, the connections to the foreign markets, and how these trends changed with the existing developments.

Then the third tool of research was a secondary research. They were performed through the access to some local sources of information and news sites in addition to reports and sources from local and international NGOs. This was done with the aim of placing the research in an economic, historical and geographical context, as well as in the context of the present period, linking it to the relevant research outputs. For example, the price surveys were compared to the price surveys conducted by REACH for the United Nations, as was the comparison with price surveys in Lebanon, to understand the local market trends connected with Lebanon and the crisis in it. Also, the price analysis and socio-economic questionnaire would not have been possible without access to secondary sources related to the identities, influence and products of some actors in the local markets.

The first and second tools constitute the main nerve of the field research, which would not have been possible without the great efforts made by the coordinators of the three cities. Their role was not merely to collect data, but rather to constitute focal points and trust with the local communities through their extensive networks of relationships, as they are themselves local actors and form part of the social fabric of their regions. The field researchers contributed to parts of this report that were used as case studies. This is in addition to their role in the analytical stages, reviewing the preliminary results through their knowledge or informally with local groups of actors.
Research objectives and method of formulation

At the outset, a set of possible objectives and locations to be studied to address the research topic were discussed. From its inception, the discussion focused on the fact that what was meant as a socio-economic and political economy research that focuses on different cities, first in terms of social-identities, i.e. the city's role in the social environment, its identity, the duration of urban integration, the impact of the conflict on identities and the return of the displaced. This is in addition to the role of the civil society, the relief organizations, and the basic concepts of citizenship. The economic aspects came in a second stage and were the core of the project, focusing on the economic role of the city and its livelihood situation, as well as in its surroundings. This is in order to try to understand how goods and services are exchanged and secured. Who are the main actors in the local economy? How do their economic role politically affect local governance? In other words, the research focused from the beginning on the local political-economy, through an analysis of the various value chains.

Four different reports were forecasted to be produced. So that there will be three reports on the political economy in each of the selected cities separately, and finally a comparative report between them. In each report, the identarian social aspect is addressed as well as the economic and political aspect.

On the social identity aspect, several levels of analysis have been completed; the first of which is detailed historical studies of cities and their contexts from secondary references. This is in addition to 151 interviews conducted with a sample of the population distributed over the three cities, covering all neighborhoods, ages, and social conditions. This is to deal with the impressions in the cities and their neighborhoods on identity, social status, economic status, relationship with rural origins and their continuity. Then, a survey was conducted concerning the population dynamics, the social composition in its national-sectarian sense, in 1,234 points surrounding the three cities 367, 334 and 533 respectively in Tartous, Azaz and Qamishli. Some of the results have been mapped. Also, the description of the social identities of the different neighborhoods of the three cities was assessed, and put on maps.

On the economic aspect, the first price survey took place in August 2020 and a preliminary analysis of it was conducted, as well as of the outcomes of the interviews that accompanied it. The analysis was discussed by the entire work team with the field research coordinators, before proceeding to the second price survey. Meanwhile, many of the initial results were showed that the different areas are opened on each other from a commercial point of view through the “war merchants”, leading to the appearing necessity to focus more on the “warlords” and the crossings.

However, the complexity and overlap of the economic and social aspects and the interconnectedness between the three areas of control and the determinants of time led to the issuance of a first report on the economic and political economy aspects alone, in the three cities together, and the postponement of the production of the social report on the three cities to a second report. The consolidated political economy report on the three cities is the report we have beforehand. It focuses on value chains directly in a comparative manner between the cities and their contexts, followed by the network of crossings and warlords and their mechanisms of action. This is then summarized with the political economy
features of each city and suggestions concerning the alternatives for relief and social work to help their population.

**Research difficulties**

The price surveys faced a set of difficulties, the most important of which was that it came at the time of the collapse of the local currency exchange rates and the significant raise of inflation. The period around the timing of the price surveys was marked by great economic disturbances, in which prices differed even day to day, from one region to another, even within the same city, due to the behavior of the actors in the local market to protect themselves by refraining from selling or selling according to the exchange rate at the moment of question on price. However, the exchange rates were relatively stable between August and October 2020 (see figure 3 above). This is while the qualitative research allowed tracing the mechanisms and consequences of the overall inflation of prices and the market behavior at the small local level.

The other difficulty is that the research, by its nature, is a purely field work in the context of an ongoing conflict and a major socio-economic crisis. This impacted three issues. The first is a security issue, as it was not easy to reach some of the areas that were planned to be surveyed, in addition to the lack of time to organize the first survey and discuss it between the different levels of research. The second issue is that the price survey mechanism cannot be controlled sometimes. Whereas some data collectors introduced themselves as local organizations that solicit quotations for relief baskets, others asked separately in consumer stores, which is more correct, while others were suspected of being disguised "officials". This diversity in the survey conditions led some merchants to assign prices according to the situation, what can reduce the accuracy of the scanned prices. The third issue is related to the accuracy of data entries, as the field research coordinators and data collectors who collected the data, wrote them down, and then entered them in about 20,000 entry points of information into the two surveys together. This opened a large margin for human error. The research team was able to review a second time some of these errors, while others were not corrected and were not analyzed.

Another fundamental determinant is the nature of the information searched for the sources of the goods that was questioned in the three research methods (prices, questionnaire and secondary sources). These questions in the price surveys and in the questionnaire have security and market caveats. Either there was no knowledge of the answer or there was a desire to hide it in some cases to protect oneself and the business. Moreover, the nature of the research question itself is very broad and its answer may change with time, what makes it difficult to cover all the aspects, even if secondary sources are sought. Consequently, the most important aspects were only covered, according to their accessibility.

Because of the time factor, it was not possible to enter into the laws and procedural issues related to the social economy. It was also not possible to discuss extensively the alternatives adopted by local communities. The research also focused heavily on accurately describing the reality through complex analysis, given the status of the political and economic stalemate in the country and the control by external actors of the nerves of the local societal governance and economy, what makes understanding these dynamics a very complex task in itself.
The political economy and its social ramifications in three Syrian cities: Tartous, Qamishli and Azaz

This study focused on the value chains of different products, food and non-food items, as well as building supplies and health items, including those necessary for the protection against the COVID-19 pandemic. This is in three Syrian cities: Tartous, Qamishli, and Azaz. These cities are similar in terms of the size of their populations and in terms of being geographically located close to international borders, but they are different in terms of the different controlling powers.

The study extracts and compares the elements of the political economy of the three cities. It also clarifies the role of the external borders’ crossings, as well as the crossings between the different zones of control on this political economy. It depicts the role of the "warlords" and classifies their typologies.

Community Cohesion and Stability Project

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