

Diaspora business: the economic contribution of Syrian refugees to Turkey and their political role in (post-)conflict resolution

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Capital flight constitutes one of the most important dimensions of the Syrian war, with a significant impact on the current course of the conflict and also the post-conflict process. Since the start of the civil war in March 2011, many business people have ceased operations and moved their assets out of Syria. Due to the simplicity of Turkish business legislation in relation to Syrians and their pre-existing business contacts with Turkey, this country has become a commercial hub for the Syrian business diaspora. The number of companies established with joint Syrian capital has multiplied almost 40-fold since 2011 and trade with Syria in border cities such as Gaziantep, Mersin and Hatay far exceeds 2010 levels (<http://www.tepav.org.tr/en/yayin/s/862>). Export revenues of these cities have significantly increased due to the fact that many Turkey-based Syrian firms have counterparts in Syria. Of the 363 foreign-owned companies created in Turkey in January 2014, 96 were Syrian owned, according to the Union of Chambers and Commodity Exchanges of Turkey (TOBB). The Gaziantep-based Syrian Economic Forum reports that, since 2011, Syrians have invested nearly \$334 million into 6,033 new formal companies in Turkey (<https://www.alnap.org/help-library/another-side-to-the-story-a-market-assessment-of-syria-n-smes-in-turkey>) and Syrian firms rank first among non-Turkish new companies each year since 2013 in terms of numbers of companies established (TOBB). It is estimated that in 2017 Syrians established over 2,000 companies in Turkey, with around \$90 million of Syrian capital (TOBB; based on data for the first four months of 2017).

Our project on Syrian capital flight to Turkey aims to illuminate three main issues: (1) the role this capital plays in the Turkish economy, (2) the capacity of the Syrian refugee business community to organise as an interest group and (3) its role in the process of (post-)conflict resolution.

The fieldwork phase of the project, conducted in August to October 2018, relied on observations of real-life situations and semi-structured interviews with Syrian business people, civil society representatives and local chamber of commerce officials in Istanbul, Adana, Mersin, Hatay, Gaziantep and Bursa, where the majority of Syrian business is located. We conducted a total of 35 semi-structured in-depth interviews on an individual level. In addition to formal interviews, we had many informal conversations with local Turkish and Syrian communities in the cities we visited. In order to include the most representative informants in our sample we used a snowballing technique, asking each interviewee to recommend others who could offer further insights.

All participants were interviewed on a voluntary basis, and the response rate for interviews was 100%. The length of the interviews ranged from 45 to 60 minutes. The interviews were recorded and sorted into themes. Interview data were collected using a semi-structured guide with open-ended questions. We encouraged informants to share openly what they thought was important for us to understand Syrian capital in Turkey. The guide was occasionally revised due to new issues that came up in the course of the interviews. We also added some additional questions concerning the specific context of each city.

Our semi-structured questions were divided into three parts aiming to capture the role of Syrian capital in the emergence and articulation of interconnected economic and political spaces and practices in Turkey and beyond. In the first part, we sought to uncover our interviewees' own personal experiences and their interpretations of the course of events. We wanted to discuss the challenges they have experienced while doing business in Turkey as Syrians and their views on the effects of Syrian capital flight on the Turkish economy in terms of increased demand for labour, cash injections through the establishment of new companies and joint ventures with local partners. In the second part, our questions aimed to reveal the factors that contribute to the capacity of the Syrian business community to organise as an interest group regarding their economic interests as well as their capacity and/or willingness to exert economic, political and socio-cultural influence on other groups of Syrian refugees in Turkey. In the last part our questions sought to explore the possible engagement of the Syrian business diaspora in assisting the processes of conflict resolution and (post-)conflict reconstruction in Syria, with a focus on remittances, philanthropic work and participation in peace processes.

Our preliminary findings focus mainly on the first research question, as data relating to the other two have still to be analysed. They suggest that Istanbul, Mersin and Gaziantep are the main locations of Syrian business in Turkey. While Istanbul hosts general Syrian trade and tourism businesses, textile, shoe, soap and food factories and small businesses are predominantly based in Gaziantep. Mersin is the centre of Syrian export and import activity in Turkey since it is also the hub of raw materials coming into the region from other countries. Significant Syrian investments have also been made, however, in more rural and peripheral areas of Turkey such as Kadirli, where Sharabati Denim, one of the biggest fabric manufacturers in the Middle East, has built a huge denim factory, and Kahramanmaraş,



Sharabati Denim JNR textile factory in Kadirli, Osmaniye.

where Mahmoud Zakrit has established a remarkable dairy business. These initiatives have also been possible thanks to generous grants offered by the Agricultural and Rural Development Support Institution in Turkey to investors willing to operate in peripheral areas.

Syrian capital in Turkey has thus far created advantages for both the host nation and the Syrian business community. In Istanbul, Syrian restaurants, bakeries, sweet shops and jewellery stores have revived socio-economic life in the areas of Fatih and Aksaray. In Mersin, Syrian imports and exports have contributed to the overall international trade volume of Turkey. In return, all the packaging of Syrian products now has a ‘Made in Turkey’ label, which Syrian business people say is perceived as a guarantee of quality for their products abroad. In Gaziantep, Syrian business has revived several dormant sectors, such as the production of olive-oil soap and women’s shoes, while poorer Syrian refugees have provided cheap labour for the host business community in Gaziantep. To this end, Gaziantep is about to open its sixth industrial zone, a clear indication of increased industrial activity. Business people from Aleppo are generally viewed by the host community as educated, cultured and experienced individuals who enjoy advanced business networks in the Middle East. They are thus considered to have revitalised the business environment of Gaziantep, which was not particularly international previously. Syrian products produced in Turkey do not generally target the domestic market in Turkey; they are usually destined for Middle Eastern and some European countries. They are also intended for the sizable Syrian community now living in Turkey. Syrian products do not, therefore, compete directly with longer-standing Turkish products.

Nonetheless, the fact that most Syrian businesses operated for a long time without formal registration and consequently did not pay taxes has created resentment within the host communities in all the cities where we conducted our fieldwork. This is also related to Syrian business people not being used to operating within the more modernised and advanced Turkish business environment and its tax and

banking systems. The lack of Turkish language has been a further massive challenge for them. In response, the Syrian Economic Forum in Gaziantep launched campaigns in order to formalise the Syrian businesses in the area by providing technical assistance to Syrian business owners seeking to understand the operating environment and helping them to comply with regulations. The Forum has also translated many Turkish investment laws into Arabic. This initiative has helped to normalise the relationship between the host and Syrian business communities.

However, Syrian business people still operate somewhere between the traditional *hawala* system, in which huge sums of money are transferred through networks based on mere trust, and the modern Turkish business environment; they form a hybrid business community combining traditional and non-traditional business conduct. Furthermore, having previously operated under a dictatorial regime, Syrian business people operating in Turkey are not familiar with business associations and trade unions. As most of our interviewees confirmed, this lack of experience has left most Syrians scared of forming such organisations in Turkey now. Nonetheless, some business institutions have been established, such as the Syrian Business People Association and the Syrian Economic Forum in Gaziantep where Syrian business people gather to talk about their socio-economic integration and related problems. Issues concerning both domestic and Syrian politics, conflict resolution in Syria and the post-conflict environment are carefully being avoided by Syrian business circles in Turkey at the moment in all the cities where we conducted our research; this is in order to maintain stability and unity within this flourishing community. Syrian business people do engage, however, with philanthropic activities, especially concerning Syrian orphans and students both in Turkey and Syria.

We would like to thank all our interviewees who agreed to talk to us on these delicate topics, as well as Elife Hatun Kılıçbeyli, Zahed Mukayed, Mahmood Al-Rawi, Jon Rose and Abdurrahman Bredi for their assistance and pleasant company during the various stages of our fieldwork.



Alpha Cosmetic: a Syrian cosmetic business now established in Adana but originally based in Aleppo.