Executive Summary

Olive is one of the strategic crops in Syria; for it is one of the most important food security crops for the local population on one hand, and a value-added to the output of national income on the other. Yet, and just like the other vital sectors in the country, olive oil production sector and exportation in Syria have been negatively and severely impacted by the bloody events over the past four years. The decision issued by the Ministry of Customs and Trade in Turkey on 19 August 2015 which authorizes entry of many goods – including olive oil – by Syrian traders and exporters might has significantly participated in stimulating a series of economic activities related to olive oil agriculture and production by exporting it from Syria to Turkey.

The Syrian Economic Forum intends to discuss the strategic options in this policy paper to deal with the production surplus of olive oil crops in season 2015-2016 in what serves stakeholders in Syria and benefits economy there too.

The first section in this study will address the importance of olive as a strategic crop in Syria, the second section will present a map distributing olive oil production and each province's share of it, the third section will address the latest figures by the International Olive Council and their conformity to reality, while the last section will view the options before stakeholders inside Syria to achieve optimal investment of olive oil production surplus in what does not contradict with higher interests of Syrian economy.

Olive Crop is a National Wealth

Olive is one of the most important food security crops in Syria after grain crops. Olive cultivated lands form 65% of total planted areas with fruit trees. After Tunisia and Morocco, Syria is the third Arab country in planting olive trees with 16% of total olive planted areas. Olive and olive oil are key food sources (that fulfill needs of fatty acids, vitamins, minerals and fiber) for Syrian families especially in rural areas. The per capita consumption of olive oil ranges between 5 and 6 kg, which cost reached from 15 to 18 dollars (oil mill price) - since the events started in 2011 in Syria -; a low rate when compared to the other olive oil producing countries.

While the economic importance of olive oil lies in its value-added, participation in the national income, producers' revenues, as well as in raising incomes of rural families; for olive oil participates in 1.5-3.5% of gross national income and by nearly 8% of total value of agricultural income. According to the International Bank data, workers in the agricultural sector in Syria reached 19.1% of the country's labor. As per statistics by the International Olive Council in 2009, 25,420 individuals work in olive development, and 26% of them are females. This reflects the importance of olive cultivation sector and its role in securing job opportunities for many people, especially in rural areas.

Also olive trees' environmental benefit is represented in protecting the soil against erosion and reducing desertification through good land usage which cannot be used for other activities.

Noteworthy Facts

Italy is famous for its fertile arable lands with an annual production that ranges between 500 and 700 thousand tons. Due to its distinctive reputation, Italy could integrate olive oil from other places and transform it into high-quality and high-priced trademarks; which turned Italy into one of the largest importers and exporters at the same time for it sells larger quantities of olive oil than its production.

Despite the remarkable progress in the production sector of olive oil in Syria between 2000 and 2010, the Syrian producer did not take advantage from the Italian experience in this field to develop this product and turn it global.
The Distribution of Olive Oil in the Syrian Provinces

According to official statistics in 2010, olive trees cultivated area is estimated at 647.5 thousand hectares that are mainly distributed in the northern and western provinces in Syria: Idleb, Aleppo, Tartous and Lattakia, followed by the central and southern areas. Those trees produce more than twelve kinds of olive, and 75% of them are used to produce olive oil which production reached 180,000 tons in season 2013-2014 according to statistics of the International Olive Council, as illustrated below.

The below chart shows that the largest production of olive oil is in north Syria in Aleppo and Idleb provinces; for total production of both provinces reached 48% of local production of all provinces combined7, knowing that both of them are out of the regime control, and their geographical area do not have any sea-port, on the contrary; both are surrounded by areas and borders under control of different forces and countries, which diversifies the options of disposing olive oil surplus yet in negative and passive ways that will be addressed in the final section of this paper.

A View in Figures and Data of the International Olive Council8

The International Olive Council is the world's only international intergovernmental organization in the field of olive oil and table olives. It was established in Madrid, Spain, in 1959 under the United Nations auspices. It used to be known as the International Olive Oil Council or IOOC until 2006, when its name was changed. The Council plays a major role in encouraging international technical cooperation on projects of research, development, training and transfer of technology, encouraging the expansion of international trade of olive oil and table olives, drawing and updating the products' trading standards and quality improvement, promoting world consumption of olive oil and table olives through innovative campaigns and action plans, and spreading information and accurate statistics about the olive world and the olive oil market, in addition to other activities.

As aforementioned, the International Olive Council statistics on olive oil indicate that oil production in Syria reached 180,000 tons in season 2013-2014. Perhaps it is useful to compare the IOC statistics on Syria's olive with those on Turkey's to draw out the expected results from implementing the decision issued by the Turkish government and its impacts on both sides. The below diagram shows that Syria's production and consumption are higher than Turkey's which export...
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Surplus outweighs. We note that export surplus in Syria forms 5% of production volume, while it forms 26% of Turkey's production despite great disparity between both countries' populations, which indicates the olive oil's major role in food culture of the Syrians which should be taken into account when any recommendation is proposed in terms of this product.

According to the IOC statistics for the second season of 2014-2015, Syrian production has declined by 42% to 105,000 tons due to the intensified conflict and the deteriorating conditions in the country. While consumption dropped by 26% due to frequent displacement from Syrian lands and many families replaced olive oil with other cheaper vegetable oils due to the rising costs of olive oil and the lowering purchase power per capita in Syria. It is noted that there is no official export of olive oil from Syria, while it is believed that the surplus quantity is either stored and monopolized by traders or smuggled overseas and unofficially sold (it is worth mentioning that the Italian authorities have confiscated quantities of olive oil sold in the south of the country as a 100% Italian product, while they originally were Syrian or Turkish products)9.

As for Turkey, olive oil production has remarkably increased from 135,000 to 170,000 tons, as well as consumption which has significantly rose by 40% after it reached 146.5 thousand tons in result of high influx of Syrians to Turkey whose estimated numbers reached 2 million, also olive oil forms an integral part of their table, as interpreted by many observers. Perhaps it should be noted that the IOC expected Syrian production to drop to 50,000 tons in minimum for season 2014-2015, that equals 69.7%, due to the intensifying conflict in the country on one hand, and wrongful cut of olive trees (many families depend on cutting fruitful trees including olive trees for heat) on the other one, in addition to burning wooded areas by aerial bombardments.

The estimated statistics published by the IOC for season 2015-2016 – as illustrated in the below chart – surprised and shocked many observers because the expected figures that were released were optimistic that production will amount to 215,000 tons, which undoubtedly represent an irrational result.

The same applies to consumption; for the IOC expected consumption would return to its ordinary rate of 170.5 thousand tons, at the time of continuous and escalating military actions, successive displacements, declining value of Syrian pound against
other currencies, the insane prices increase of commodities including olive oil, and the falling per capita purchase power which led to a significant drop of per capita consumption of olive oil.

It is noteworthy that a number of Syrian researchers and academics on Syrian lands provided the Syrian Economic Forum with their expectations that indicate Syrian production to decline to 80,000 tons. In the end, all figures and statistics are mere expectations that cannot by scientifically or statistically confirmed or denied in light of the ongoing conflict and absence of any official side of conducting such studies.

As for Turkey, the IOC expected olive production to fall by 16% to 143,000 tons, and export volume from Turkey would not exceed 20,000 tons. It is also noteworthy that Turkey has exported 3,600 tons of oil during the last two months when compared to 7,600 tons exported at the same period last year, a decline by 52%, according to (EZZIB) the Turkish Olive and Olive Oil Exporters Association. Turkish producers are currently exporting olive oil within a negligible margin only not to lose their market share to their strong competitors; Spain and Italy, according to the Head of the Association.

Note: it is worth mentioning that the IOC's average of the annual per capita consumption is 7 kg in conducting calculations to estimate consumption volume and then surplus of export production. As for Syrian official sources, they mostly adopt from 5-6 kg as the annual average of consumption per capita to draw out the previous results. Due to compelling circumstances experienced by the Syrian people as mentioned before, academic sources working on Syrian lands confirmed to the Syrian Economic Forum that the average consumption per capita has dropped to nearly 3.8 kg annually. As mentioned before, real figures are absent in light of such complicated conditions in Syria.

Options and Recommendations
In the beginning of the research, we said that the issued decision by the Turkish government that allows Syrian traders and exporters to enter a group of commodities including olive oil was the cause behind preparing this paper in order to determine the options before Syrian olive oil exporters in dealing with their product in what guarantees optimal investment without compromising the higher interests of Syria's food security.

It is noteworthy that olive oil produced for exportation – which dealing options will be later discussed in the paper – is the production amount concentrated in Aleppo and Idleb provinces, and forms around 48% of olive oil gross production in Syria, while the rest of its production is generally located in the regime-held areas that controls its exportation.

It is known that both provinces of Aleppo and Idleb are out of the regime control, lack sea-ports, located in the north of the country, bordered by Turkey from the north and connected to it through official crossings, bordered by the regime-held areas or hot spots interspersed by roads leading to the regime-held areas, and on the east they have borders with ISIS-held areas which constantly tries to advance towards Aleppo province. Hence, a Syrian merchant has only limited options to dispose olive oil surplus as follows:
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First Option (Internal Trade): Selling the product through the regime-held areas. This option carries many negative aspects; firstly, the oil’s estimated value in Syrian pound by the regime is essentially inequitable to farmers and does not cover costs or efforts in light of rare labor force, high fuel prices, lack of olive mills, and the continuous deterioration of Syrian pound since the crisis began till now. Let alone that many opponents to this approach consider selling such a vital product to the regime would contribute in supporting the regime’s economy and, consequently, its war against the opposition without benefiting neither the consumer nor the product itself. The situation would have been different from this if the regime was committed to pay oil value in foreign currency in what would have guaranteed stakeholders inside the country.

Second Option (Illicit-prohibited Trade): Selling and disposing olive oil through ISIS-held areas, which is the most dangerous option; for the dealer would put himself under international prosecution since dealing with ISIS is internationally banned.

Third Option (External Trade): Exporting olive oil to Turkey might be the ideal choice in the Syrian case for season 2015-2016; only within the framework of a studied share that guarantees food security for citizens inside Syria.

An analytic view with some figures (mostly discretional figures from academic and informed sources inside the country) might visualize the results of this option. Assuming that production in Syria drops to 80,000 tons - as expected by our inside sources - thus; the share of Aleppo and Idleb provinces (which is 48% of total production in Syria) would be around 40,000 tons of olive oil. The present population in both provinces is estimated at nearly 5.5 million persons (the real number of population in those areas is not documented, not even by the UN. All figures are discretional), consequently; local consumption would be estimated at 29,000 tons (average consumption is 5.3kg per capita instead of 3.8kg, the actual per capita consumption currently exceeds 28.4% of reserve), hence; production surplus would become 11,000 tons (except nearly 1,000 tons usually stored by Syrian traders to be sold later when the prices reach their peak). Accordingly, surplus ready for exportation would be nearly 10,000 tons (estimations by observers inside Syria exceeded that number). And since olive oil globally costs 2.5 Euros per kilo (knowing that oil from olive mills reached 4 Euros in Turkey due to sharp decline of local production), exporting the surplus quantity through Turkey would bring approximately 25 million Euros into Syria; which would contribute in improving life quality and advancing the economic wheel inside Syria in general.

Hence; the Syrian Economic Forum recommends encouraging export of olive oil production surplus within a specified and studied share that does not compromise higher interests of the Syrian economy.

The Syrian Interim Government might become the authority concerned with controlling the export process; since it is authorized by the Turkish government to issue origin certificates and ratify approvals issued by local councils and the Chamber of Commerce inside Syria within mutually agreed-upon procedures by both governments.

1. International olive oil production costs study - 2015
2. المنظمة العربية للتنمية الزراعية، 2003، تطوير إنتاج وتصنيع وتسويق الزيتون
3. الهيئة العامة للجودة العلمية الزراعية
4. (World Bank,2008)
5. (IOC,2009/10 Workday)
6. peas health
7. وزارة الزراعة و الإصلاح الزراعي في سوريا
8. المجلس الدولي للزيتون
9. olive oil times
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11. (Olive oil council 2015)
12. اتحاد حرفي دمشق علي شبكة دي برس
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**Olive Oil in Syria 2015 - 2016**

- Olive trees make up 65% of fruit trees areas in Syria.
- Workers in the agricultural sector in Syria constitute 19% of the total labor force with 254,420 individual having 26% of them females.
- The per capita consumption of olive oil is 6-5 kg per year.
- The export of olive oil contributes by 3.5% - 1.5% of the total national income and about 8% of the total value of agricultural income.

**Export procedures through Turkey**

1. Submit a request to the Turkish vendor to allow the import from Syria
2. Ministry of Commerce and the Turkish Customs
3. Syrian Interim Government
4. Local Council
5. Chamber of Commerce
6. Issue a certificate of origin
7. Border Crossing Management

**2016/2015 olive oil season estimates in Syria and Turkey**

- Export / thousand tons: 20
- Consumption / thousand tons: 25
- Production / thousand tons: Syria 174, Turkey 210

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The SEF is an innovative think tank dedicated to building a free, pluralistic, and independent homeland that rests on a strong economy to ensure a life of freedom and dignity for all Syrians. The organization will serve as an information resource for all matters relating to the Syrian economy, and its members will conduct economic research and publish scholarly reports. Beyond those attributes typically associated with a traditional think tank, the SEF will organize the private sector to advocate for the economic reforms needed in post-Assad Syria. The organization will develop policy proposals necessary for the birth of a free market economy that upholds equal opportunities of access for the welfare and prosperity of all Syrians. The days are coming when a free Syria will be governed by laws and not men, and the SEF will be at the forefront of economic restructuring that will restore the status, dignity, and rights of the Syrian homeland and people.

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