

**THE IMPACT OF THE CRISIS BETWEEN  
TURKEY AND SYRIA ON THE ECONOMIES OF  
GAZIANTEP AND HATAY REGIONS: THE  
FINDINGS AND PROPOSALS MADE AS A  
RESULT OF FIELD RESEARCH**

**Prof. Dr. Veysel AYHAN**

*Forced Migration Studies Center*

***I. The effects of the Sanctions on the Gaziantep Economy: The findings and the proposals made as a result of field research***

Following the conversion of the political crises between Turkey and Syria into economic sanctions, the effects of aforementioned economic sanctions especially on the border provinces, have begun to attract attention. In this context, primarily, it is important to include and put emphasis on the demands of sectors affected by the crisis and the direct effects on Gaziantep economy as a result of the sanctions related with Syria. In fact, in order to improve the relation between two countries especially at the border regions, "Turkey-Syria Interregional Cooperation Programme" was being initiated and by this extension, in 2007, "Trade with Syria and Liaison Office" was opened. Trade Office, was directly being operated under Gaziantep Chamber of Commerce and the Chamber began to give directly support with an opened unit in its own structure for the development of regional trade with Syria. Trade with Syria and Liaison Office, established by Gaziantep Chamber of Commerce was conducting intense activities in the basic areas such as strengthening mutual investments, cooperation between SME's and business people, cooperation between relevant professional's offices. In this context, in cooperation with Aleppo Chamber of Commerce, which had similar structure, Commerce Office had made common works for the development of bilateral economic relation. The Offices had worked until 2011 being in collaboration in a wide range of fields including, Translating common legislation, informing the companies, organizing common meetings, providing all kinds of information and technical support on economic investments.<sup>1</sup> This situation, naturally, had positive effect on the trade between Gaziantep and Syria. The most important area reflecting the development of the mutual relation has shown itself in the investments done directly in Syria. Thus, the importance of Syria for Gaziantep's economy should be summed up in 5 titles.<sup>2</sup>

1. The exports being done directly to Syria by way of Gaziantep
2. Investments being done directly in Syria.
3. Exports to International markets by the way of Syria As a route,
4. The unrecorded economy brought with cross border trade.
5. Economic mobility, directly affecting mainly small shopkeepers such as tourism, health tourism and mutual visits.

---

<sup>1</sup> Interviews in Gaziantep Chamber of Commerce, June, 2012.

<sup>2</sup> Meetings and Interviews, conducted with and categorized among Gaziantep Chamber of Industry, Gaziantep Chamber for Commerce, members of local Media and tradespeople. June 2012.

All in all, it is seen that the improved relation with Syria has shown significant development in all 5 areas. However, in this context, the most important point is that it was seen that the developing economic relation with Syria, has been affecting directly to the investments in Syria from Gaziantep, export, unrecorded economic relation and small shopkeepers. During the troubled period between Turkey and Syria relation, Business people from Gaziantep did already hesitated to have investments directly in Syria. In addition, trade with Syria did not have an important place in the economy of Gaziantep as well.

Indeed, while looking through the data within the scope of impact analysis, the following picture emerges. In 2010, during the commercial relation between and Turkey peaked, in the ranks of the cities exporting most in Turkey; Gaziantep was ranked as 6<sup>th</sup> with 3,593,663 thousand dollars.

<b>The Ranks of Turkey City Export – 2010 (Million Dollars)</b>		
<b>Rank</b>	<b>The City Name</b>	<b>Total</b>
1	İstanbul	51.434
2	Bursa	11.158
3	Kocaeli	9.558
4	İzmir	6.626
5	Ankara	5.164
6	Gaziantep	3.593
7	Manisa	3.434
8	Denizli	2.229
9	Hatay	1.6970
10	Sakarya	1.714

**Table 1: The Ranks of Turkey City Export – 2010 (Million Dollars)**

As it can be seen in the table, in 2010, Gaziantep was ranked as 6<sup>th</sup> in the foreign trade. At the time, the relation with Syria began to get tensed up; Gaziantep maintained its ranking as being 6<sup>th</sup> in the foreign exports. In this context, looking at the 2011 figures, the following table emerges;

<b>Turkey City Export Ranks – 2011 (Million Dollars)</b>		
<b>Rank</b>	<b>City Name</b>	<b>Total</b>
1	İstanbul	59.048
2	Kocaeli	12.629
3	Bursa	12.538
4	İzmir	8.065
5	Ankara	5.959
6	<b>Gaziantep</b>	4.928
7	Manisa	4.277
8	Denizli	2.756
9	Hatay	2.144
10	Sakarya	2.063

**Table 2: Turkey City Export Ranks – 2011 (Million Dollars)**

On the other hand, an analysis is made in the context of direct export by country, the following picture emerges:

<b>Export (Million Dollars)</b>			
<b>Rank</b>	<b>Country Name</b>	<b>2011 Total</b>	<b>2010 Total</b>
1	Iraq	1.839.938	1.240.055
2	S. Arabia	250.604	158.068
3	USA	176.061	148.268
4	Germany	174.892	143.256
5	England	137.716	101.941
6	Iran	122.667	86.927
7	Italia	115.861	85.358
8	<b>Syria</b>	<b>98.011</b>	<b>120.271</b>
9	Russia	90.345	67.904

**Table 3: The export figures of the region countries 2010-2011**

As it can be seen from the above table 6, in 2010, when the commercial relation developed between Syria and Turkey, A significant increase had been taking place in the exports to Syria from Gaziantep. While Syria was the 5<sup>th</sup> county in the Gaziantep's export,

aforementioned figures, in 2011 with the crisis, showed a tendency towards a decreasing trend and Syria receded to 7<sup>th</sup> among the most important countries at the export. Economic relations have began to decrease particularly after 2011 March when the massive protests started in Syria and when mutually, the sanctions decisions were being announced, in 2011 December, it receded to – 70<sup>th</sup>.

<b>Gaziantep's Syria Export (Monthly/Million Dollars)</b>		
<b>Dates</b>	<b>Total</b>	<b>Total</b>
2010December-2011 December	10.506	2.874
2011 Jan-2012 Jan	9.674	2.774
2011 Feb-2012 Feb	10.049	2.664
2011 Mar.-2012 Mar.	10.775	3.259
2011 Apr.-2012 Apr.	8.427	2.831

**Table 4: Gaziantep's Syria Export (Monthly/Millyon Dollars)**

Compared the exports at 2011 and 2012 Augusts, we can analyze better the decline point.

<b>Gaziantep's Syria Export (Monthly/Millyon Dollars)</b>		
<b>Tarihler</b>	<b>Toplam</b>	<b>Toplam</b>
2010 Ağustos-2012 Ağustos	10.506	2.874

**Table 5: Gaziantep's Syria Export 2010-2012**

When we look at the first 8 months of 2011 and first months of 2012;

<b>USD</b>	<b>2012 (Jan-August)</b>	<b>Chance -%</b>	<b>2011 (Jan-Aug)</b>
<b>Syria</b>	28.931	-56	65.443

**Tablo 6: Gaziantep's Syria Export 2011-2012**

Therefore, it is seen that the crisis between Turkey and Syria has directly affected the exportation done from Gaziantep to Syria.

As it can be seen from the following table, while the amount of the investments made from Gaziantep to Syria at first months of the 2011 was 65.4443 million U.S. dollars, in 2012,

56% decline takes places in these figures. Syria was the 5<sup>th</sup> largest export country in 2011, 8<sup>th</sup> in 2011 and when it comes to 2012, Syria cannot even take place among the largest 10 export countries.

USD	2012( Jan-Aug.)	Change - %	2011( Jan-Aug)
<b>1.Iraq</b>	1.474.769.000	+33	1.109.096.000
<b>2.S.Arabia</b>	222.204.000	+19	186.253.000
<b>3.U.S.A</b>	149.686.000	+28	116.682.000
<b>4.Libya</b>	132.199.000	+270	48.987.000
<b>5.Germany</b>	106.394.000	-2,5	109.092.000
<b>6.Egypt</b>	98.592.000	+219	44.923.000
<b>7.England</b>	94.088.000	+4,5	89.875.000
<b>8.Russia</b>	71.385.000	+42	50.110.000
<b>9.İtaly</b>	60.021.000	-30	85.536.000
<b>10.Iran</b>	74.379.000	-7,5	80.478.000

Table 7: The Countries Exportation of Gaziantep 2011-2012 (Million Dollars)

### ***A: The effects of Mutual Sanctions directly on the Economy of Gaziantep***

When looking at the above tables, it is seen that, the mutual sanctions done with Syria, directly caused to have negative effects on the exports made to Syria. However, while it is evaluated in the context of being compared with other countries and opening of the new export channels, it can be seen that Syria export generally does not have serious effects the export capacity of Gaziantep and the economy of Gaziantep or any negative reflection is not identified. Therefore, it is seen that the large and medium – sized companies in Gaziantep, are successful in opening the new exports channels instead of Syria. On the contrary Syria, if there was Iraq centered crises, and then the economy of Gaziantep would be led into a crisis which would continue for years. However, breaking off the newly developing trade with Syria has very limited impact on the Antep’s economy.

In addition to these, as indicated at the meetings and talks made with Gaziantep’s business people, it is remarkable that they put forward that they are not being affected seriously by the sanctions because of not having developed the trade with Syria as primarily until the late 2000s. According to Antep’s business people, they have established commercial relation in a continuous manner with other counties apart from Syria because of the existing

problems with Syria. Even in the early 2000s when the relations began to develop, they hesitated to attempt in the direction of exports. However, at the period after 2008, some firms attempted intensively in the direction of exporting to Syria, in 2010, including the process of mutual abolition of visas, they began to find the Syrian market safe. Although they started to make economic investment with their export connections in Syria with the impact of perception to enter Syrian market at 2010, the crisis started in 2011 once again opened a discussion on the reliability of the Syrian market. Therefore, Gaziantep's Business people, tired to take precautions against the risks that would be brought by the business ties with Syria.

On the Continuation of 2011 crisis, towards the end of the year, it was begun to focus once again on the alternative countries and the former markets apart from Syrian market.<sup>3</sup> On the other hand, the most important aspect of Syria in Antep's export is the fact of having an important position as a transit country. Especially, Syria had an important role in exports, directly done through Syria to Arab counties such as Saudi Arabia and Egypt.

With the beginning of the crisis between Syria and Turkey, the questions on how to manage transit export via Syria began to take place. At first, the Iraq alternative came on the agenda, but the crisis with the Baghdad administration and the unstable structure of Iraq revealed that Iraq option can not be a sustainable alternative. Then the beginning of Ro- Ro voyages has been quite vital. Ro-Ro services established an alternative to exports transit through Syria for Gaziantep. However, this time, the cost and the time factors caused to decline of the profit rate of Gaziantep's business people.

While in the pre-crisis period, an Antep's business person was delivering its product to Arab Middle East in 2- 3 days with 1,500 dollars-2500 dollars, whereas, with Ro- Ro services, the costs increased between 6000-8000 dollars and the delivery of the exported goods sometimes lasted in a week. Thus, although an alternative to transit pass is being created, the companies, directly exporting are being obliged to take in charge of the costs arising from this, so in the medium and long-term, this can have negative effect on the competitiveness of Gaziantep's companies.<sup>4</sup>

---

<sup>3</sup>Meetings and Interviews conducted with and categorized among Gaziantep Chamber of Industry, Gaziantep Chamber for Commerce, members of local Media and business people from 5. Org. Industry.

<sup>4</sup> The interviews and meetings with Org. Ind. Region and Gaziantep Chamber of Commerce .

## ***B. Direct Investment of the Gaziantep Companies in Syria and the Effects of Crisis on Their Exportation***

Because of the problems until beginning of 2000's Antep business people have shown reluctance act about direct investment to Syria and they thought that it was risky. Also the government, under the control of Baas system became an obstacle for companies to invest in Syria. At the same time, economic relations and transit trade maintain the existence. In parallel with the change of the course of the relations between two countries, Antep business people began to be optimistic about to direct investment to Syria. In this context, Akteks which has an important place in Antep industry took a place in the first large-scale companies that made direct investment in Syria, in 2002. With this, relations about the establishin factory in the Syria were expected to be better. Within the scope of field research that had been conducted with the Gaziantep Chamber of Commerce and Gaziantep Chamber of Industry as well as Gaziantep Organized Regional, it is noted that the number of companies that make direct investment was about ten during the period until the before of sanctions. Akteks İplik, Beşler, Güriş, Tat Companies Group had performed an important investment among the large companies that made direct investment to Syria. While parts of the investment were made by their own capital stocks and without foreign partnership, the others tried to guarantee their investment with Syrian partnerships. However, Gaziantep companies became the larger shareholders than Syrians. According to Mustafaoğlu who is the chairman of the board of Akteks Companies group, the total investment of the five most important companies in Syria was around 100 million dollars. There is not a clear data for those aforesaid ten companies' on amount of total investment, however, due to the outputs of the interviews made with some companies, it is thought that it was around 120-150 million dollars.

Apart from these, there are some firms like Kadioğlu Holding that established storage or similar export point in Syria. The number of companies that make direct investment in Syria is about 150 with large and small scale firms. According to the information that we obtained from the interviews with different line of business in Gaziantep and Chambers, it is stated that the amount of the direct investment of Anteps' made in Syria was about 250-300 million dollars. In these, there was 120-150 million dollars investment of these 10 large firms. With crisis, some firms succeed to draw back a part of their own basic goods but investment that made by like Akteks İplik has been burned by forces that the directly loyal to Syria regime. Besides, it has been pointed that the other firms were incapable of work.

The pointed number of large scale companies exporting from Gaziantep to Syria is about 50. When it is considered that some of these were making both investment and trade, the number of large scale firms exporting to Syria decreased to about 40. However, a part of these had investments like storage, delivery and point of sale. When we look at the firms such as Halefođlu, An-El Electro, Sankroma Boyar, Arasta Food, Özçelik Domestic and Foreign Trade, Persu Imitation Leather, Kileci Textile, Ahmet Çemilođlu in the companies, there take place in drawing attention.<sup>5</sup>

Thus when considering about the effect of crisis with Syria on Antep's investment in Syria, it can be claimed that there is a lost about 250-300 million dollars. At the same time, Syria has been seen as a very important country for Gaziantep economy because it has export and investment capacities continuously growing. According to Antep business people, if relations with Syria had continued, in a very short time period just Antep economy had the capacity of taking place in the most powerful cities in Syria economy with 1 billion dollars export and almost same amount of direct investment. Therefore, the Syria issue, not from pure data but must be considered as a market with growing potential.

### ***A. The Direct and Indirect Effects of Sanction and Crisis on the Local Economy***

The economic crisis that is going on between Turkey and Syria, in spite of having a limited effect over the small and medium scale companies, it has been claimed to be more effective in accommodation, transportation, health, tourism, food and retail, and transporting sectors. While in 2010, nearly 1 million people has been entered to the Gaziantep from customs gate of Turkey-Syria, in 2011, these figures decreased to 800 thousand people and in 2012 entrants in terms of trade decreased to an insignificant figure for reasons such a military activities in the border regions and opening of refugee camps. After the first four months of 2011, the date that the anti-regime demonstrations started to become massive, a decrease also took place in the number of the visitors. Looking at the first four months of 2011 in comparison with the first four months of 2012, a %70 decrease can be seen at the number of the visitors those enter to the Gaziantep from Syria.<sup>6</sup>

---

<sup>5</sup>The data that result the interview with Gaziantep Chamber of Industry and Gaziantep Chamber of Commerce. Also investment made by employers who don't register to Chambers must be added, June-July 2012.

<sup>6</sup> The interviews conducted at Gaziantep Chamber of Commerce . June 2012.

Except the first refugee entrance in 2011, there are a small number of Syrian people that is coming to Gaziantep directly for touristic and similar reasons. Naturally there is an important effect of the civil war that is in Syria. Also being taken over the settlements close to the border and the custom gates which are between the Turkey and Syria by anti-regime oppositions caused to stop the commercial and touristic enters from the custom gates. Naturally this situation had affected the small trade artisans and the investors locating in the city center of Gaziantep. However, there are the different arguments on this issue

The most remarkable case of field study is that a part of business people and the representative of small trade holder of Gaziantep put forward that in the end of 2011 and first four months of the 2012, the decline in visitors from Syria, had a negative effect on the economy of Gaziantep; but after the revival of the local tourism industry, the effect is weakened. In contrast, the people who support that the decline in the number of visitors from Syria has an effect on the economy of Gaziantep draw attention to the extensive contribution of Syrian people to the local economy that took place in many areas. In this context, they state that there is revival of local tourism while reducing the problems in partial level in hotel, transportation and restaurants some groups that doing the retail shopping directly with Syrian people can't remove the negative effect. In fact, the project team, conducting a field-study drew attention that many of the shopping centers are closed in bazaar of Aleppo. On the meeting held with group of tradesmen in the bazaar, they claim that, because of the impact of bazaar over the goods that brought to market from Syria as well as the production and sale of goods that purchased by the Syrians, the bazaar lost its functions.<sup>7</sup>

According to the craftsmen in Bazaar, the crisis in the Syria, at the same time blocked the bringing of the goods that purchased from Syria which were tea, electronic goods and etc. to the Gaziantep and therefore, despite the revival of the tourism industry, they state that there is no supply of goods to sell. When asked whether the negative affect lead to the great economic effects, they state that it primarily affected the local employment but as a result of obtained savings, the tradesmen still didn't experienced great tragedies. A point to draw attention is that, a significant increase in mutual visits together with the abolition of visas between Syria and Turkey revived the local economy in a lot of work branches. Therefore, from the maker of baklava and cafeteria until the hotelier and taxi driver, a lot of work branches substantially had begun to earn by the trades done with the people coming from

---

<sup>7</sup>Meetings and interviews conducted in so-called bazaar of Aleppo in the center. June 2012

Syria. Some of them are directly converted into employment in the same branch of business and into local investment. For example, some of the taxi drivers whom we interviewed with had stated that after the coming of the Syrians, in parallel, with an increase in earnings, there was also an increase in the number of vehicles. One of them had stated that, he had 4 private taxis and in parallel hired taxi drivers, but after the escalation of the crisis, he took off the drivers from work and kept the taxis as parked at home. Güllüoğlu, Öz-Güllüoğlu and similar baklava vendors also stated that, the issue of a huge decline in sales and the number of former employed staff cannot be compared with the number of employed staff with a level of June in 2012. Likewise, hotels and other service areas are also having the problems.

However, despite all this, since having an important place among the local tourism and also the potential to host the international organizations, Antep partially reduced the loss of the addressed companies. On the other side, dismissing the people mostly who work unregistered and uninsured has led to a certain number of disturbances in local level. However, while looking through the data, the loss, that directly caused from Syrians and can't be solved despite the revival of local tourism, can be stated as 110- 1500 million dollar. Apart from these, it is also expressed that the cross border trade in Gaziantep accepted as unregistered, provides a significant contribution to the local economy.

Along with the trade directly implemented over the borders, also there are commercial goods sold to Antep market that brought from Syria during the mutual visits. Both in our observations and interviews in the border regions and during the meeting in Antep, it has been asserted that, with selling the goods, which brought from Syria during the weekly visits, to the market of Gaziantep, families were getting income about TL 1500-2000 and thousands of families obtained their livings in this way. Because of unrecorded economy, it is very difficult to give the total amount of aforesaid incomes. According to some business people from Gaziantep to assess the amount of money within the scope of cross-border trade may exceed \$ 1 billion. Pronouncing similar figures are noteworthy in the interviews with people performing border trade directly in smuggled. Some part of the people declaring that the cross-border trade didn't stop, they claim that especially the refugees carry out the cross-border trade which was carried out by the inhabitants of Gaziantep.<sup>8</sup>

---

<sup>8</sup> Interviews done with the traders in Gaziantep, Kilis and especially near the cross-border of Öncüpınar. June 2012

## ***B: The Support Steps That Demanded By the People of Gaziantep to Reduce the Effects of Crisis: Suggestions and Recommendations***

Trade relations between Gaziantep province of Turkey and Syria had started to change due to political cooperation in the last decade. However, there was not so much direct cooperation area between Antep economy and Syria till second half of 2000's. Ankara's steps to improve the relations with Damascus based on integration, messages of friendship, roadbeds, abolition of visas, mainly the Turkish government's investment promotion and its leading to Syria have affected Antep region and almost 150 firms had directly invested in the different areas in Syria. Besides, small-scale artisans and employers had applied some new investment projects as a result of these improvements.

On the other hand, firstly massive upheavals then Turkish Government's sanction policy towards Syria, have affected directly both the small and big scale investors. Important part of business people in Gaziantep, attracts attention that the role of government to provide healthy economical relations is very important. Additionally, they think regarded that Turkey's policy towards Syria plays important role in being affected by the Syria crisis. For that reason they generate a serious demand list. This list includes these items:<sup>9</sup>

- a. Government has encouraged us to make direct investment. However, the same government has applied some sanctions as a result of Syrian internal problems. Government need to compensate our damage caused of its Syrian policy. Since we had invested in Syria territory when government encouraged us due to assurance of their policy, however, we had damages because of government's changed policy. Therefore, it's demanded that at least some of our damages need to be recovered by the government.
- b. It is demanded that Economical urgent assistance package should be announced for the companies exporting to Syria immediately and employer's Bag-Kur and SGK debts should be postponed.
- c. Beginning of Ro-Ro voyages is essential. However Ro-Ro voyages are both costly and lose of time. The loss of time is not so hard to overcome but we have to undertake its

---

<sup>9</sup> The Employers and the opinion leaders of Gaziantep stated, the declaration of their names under the below opinions bare a risk for them in term of commercial and political. However, the lists of the opinioun are done by feedbacking to the related people.

cost. At least half of our damaged should be compensated by the government. On the contrary, it will weaken our competition power in the middle and long term. Because same costs aren't added to the exported goods or for the seller. Besides some firms may withdraw because of the opponent firms because of costs which can be added o export goods in medium period.

- d. It's required that encourage package should be enacted for border cities and Gaziantep province in particular. Grant programs which are low rate of interest should be activated.
- e. New arrangements should be done for the bank credits. A lot of small firms load so many credits under the different names by the banks. It's not problem for 2012 year due to accrued capitals but it can be so hard to pay back them in 2013
- f. Farmers were using cheap fuel oil which were coming from Syria during their landing. But cost problem has occurred after turmoil in the area and this situation has started to affect farmers. Therefore it's necessary that an urgent encouraging program for the farmers should be announced.
- g. The important part of the Wet and dry food was send to Arab countries by the way of Syria. It is argued that the cost and the elements factor of Ro- R0 cruises affect those who trade in those areas. Therefore, there should be alternative supports for those whom deal specifically with the wet and dry foods.
- h. After the stop of the transit pass through Syria, the economic problems began to emerge at the firms working at the field of the transport. In order to avoid from the major crises, it is useful to have some state sponsored regulation for the Trucks send with RO-RO voyages from Gaziantep.
- i. The border trade carried out by the Asylum-seekers or the ones who provides living or aim to have additional means has begun to create both economic and politic disturbance. It is demanded from the authority to behave sensitive on this issue.

***II. THE EFFECTS OF THE SANCTIONS ON HATAY ECONOMY: THE  
FINDINGS AND THE RECOMONDATION DONE WITH THE  
FIELD RESEARCH.***

### ***A. The Role of Syria at Hatay Exportation: The Pre-Crisis Period and The Post-Crisis Period***

After the transition of diplomatic crisis to economic sanctions between Turkey and Syria, it was put forward that the aforesaid economic sanctions might be an important effect on Hatay's economy. In this context, it would be better to take a look to these sanctions effects on Hatay's economy and the demands of the people who affected from this crisis. It needs to be noted that there is a historically always commercial and social relationship between Hatay and Syria in opposition to Gaziantep. Besides the historical and strong akin relationships at social level, use of Arabic language in Hatay too, provided the ongoing of the commercial relation between two sides. Consequently it is necessary to evaluate the commercial relationships between Hatay and Syria different from Gaziantep. The crisis has the potential to effect people who trade with Syria more deeply. In this context, importance of Syria for Hatay's economy should be approached on 4 titles.

1- The direct exportation from Hatay to Syria.

2- The Exportation which is conducted by Hatay's companies to international markets throughout Syria as a route.

3- The unrecorded economy consisted with cross-border trade.

4- Economic mobility affecting small trades on the basis of tourism, health tourism and mutual visits.

When it is noted, it seems that the relations with Syria are going forward in all 4 fields. However, the salient point on this subject is to have constriction on the exportation of Hatay's people to Syria and from Syria to other Arab countries with trucks in the fields of transportation. The second one is that growing economic relationships with Syria is not result of the economic transfers taken place from Hatay to Syria; it is result of economic transfers from Syria to Hatay. Consequently, it is observed that the sanctions imposed mutually directly affect unrecorded economic relation and small trades on the basis of cross-border trade. Also, even in times of troubled relations between Turkey and Syria, people in Hatay directly were having a certain economic relationship with Syrians. Thus, when it is considered from data within effect analysis, this table is occurred. In the Year of 2010 when the peak point for commercial relationships between Turkey and Syria, Hatay was taking place as 9<sup>th</sup> with 1.967 million dollars among the most exporting provinces ranking.

<b>The year of 2010, the first 10 provincial exports.</b> (million dollars)	
1. İstanbul	51.434
2. Bursa	11.158
3. Kocaeli	9.558
4. İzmir	6.626
5. Ankara	5.164
6. Gaziantep	3.593
7. Manisa	3.434
8. Denizli	2.229
<b>9. Hatay</b>	<b>1.967</b>
10. Sakarya	1.714

**Table 8: In 2010 the first 10 provincial exports. (Million dollars)**

As it can be seen in the table, Hatay was taking place as 9<sup>th</sup> at the foreign trade in 2010. In 2011, the date on which the relationships between Turkey and Syria began to increase in tension, Gaziantep was keeping its place as the 6<sup>th</sup> at the foreign trade. In this context, this table is occurred when we look at the figures for the year 2011.

<b>2011 Exportation (Million Dollars)</b>	
1. İstanbul	59.048
2. Kocaeli	12.629
3. Bursa	12.538
4. İzmir	8.065
5. Ankara	5.959
6. Gaziantep	4.928
7. Manisa	4.277
8. Denizli	2.756
<b>9. Hatay</b>	<b>2.144</b>
10. Sakarya	2.063

**Table 9: 2011 Exportation (Million Dollars)**

On the other hand, looking from the context of countries, this table is occurred:

<b>Hatay Exportation in 2010 (USD Dollars)</b>	
1. Saudi Arabia	176.864.272
2. Egypt	149.578.410
3. Iraq	130.786.531
4. Russia	128.402.821
5. Romaine	118.153.141
<b>6. Syria</b>	<b>117.981.440</b>
7. Italy	109.101.936
8. Jordan	63.359.647
9. Ukraine	58.397.467
10. Lebanon	55.367.110

**Table 10: Hatay Exportation in 2010 (USD Dollars)**

In 2011, a decline was experienced in exports made to Syria along with the crisis. The experienced decline can be seen in the following table:

<b>2011 Exportation (USD Dollars)</b>	
1. Italy	270.954.994
2. Iraq	218.300.699
3. Saudi Arabia	208.175.906
<b>4. Syria</b>	<b>96.978.595</b>
5. Romania	95.561.784
6. Egypt	70.342.903
7. Ukraine	58.217.639
8. Jordan	52.472.250

9. Germany	41.743.357
10. England	39.171.988

**Table 11: 2011 Exportation (USD Dollars)**

On the other hand, an important decline on the exportation is observed in the first seven months of 2012 when the tension was escalated between Syria and Turkey compared with previous years. After the exportation from Hatay to Syria had reached the peak point in 2010, it began to decline clinging to the Syrian crisis. According to the statistics, After 20 July, when the conflicts were intensified in Aleppo and the 12 Turkish tracks were burnt at Cilvegözü border crossing, the direct and transit exportation from Hatay to Syria came to a standstill.

In this context, exportation from Hatay to Syria has been 3.333.272 in July 2012. But this figure was 4.559.990 in June. It was around 5.599.372 in May. When Comparing them, it can be seen that the exportation to Syria was 13.628.098 in July 2011. There was a exportation about 12.485.507 dollars in July 2010. The decline in exports from Hatay to Syria can be seen in the following table.

<b>Exportation to Syria: the first 7 Months</b>	<b>Total (Million dollars)</b>
<b>Jan-July 2012</b>	33.354.168
<b>Jan-July 2011</b>	49.245.861
<b>Jan-July 2010</b>	51.625.882

**Table 12: Exportation to Syria in the first 7 Months**

However, after 20 July 2012, when the borders de facto were closed to transit pass, it should be noted that the trade and the transit pass between Hatay and Syria came to a stop point. As The project team, it is found that the borders are de facto closed for commercial pass as a result of field researches held in July and August both in Yayladağ and Cilvegözü.

## ***B. The Effects of the Syria Crisis on the Local Economy***

Mainly, when it comes to the criteria of the Socio-economic development of the border towns and settlements, the indicators of the national and the international transportations taken place in those settlements have gained a special importance. Hatay is the Turkey's major transit route opened to Middle East and Islamic world, therefore, its transportation statistics are the indicators used in first degree in order to reflect the economic and the commercial features of the settlements and the change occurring in this area.

<b>Year</b>	<b>Region Code</b>	<b>Region Name</b>	<b>Airway</b>	<b>Railroad</b>	<b>Road</b>	<b>Seaway</b>
<b>2008</b>	TR631	Hatay	-	-	294860	5343
<b>2009</b>	TR631	Hatay	-	-	364724	5920
<b>2010</b>	TR631	Hatay	50975	-	660204	7238
<b>2011</b>	TR631	Hatay	59595	-	592903	9278

**Table 16: Turkish Statistical Institute, 2008-2011 Hatay National Transportation statistics**

As TUIK Hatay air, rail, road, and sea transport statistics seen in table 13 between the years of 2008-2011, there is not any railway network in Hatay province which is a significant transit route. Mainly The road transport occurs in the region. While transport by road was 294 860 people in Hatay, this figure increased rapidly and reached 364 724 people in 2009 and the road transport almost doubled during the 2010-2011. Reached 660 204 persons in the road transport in 2010, in 2011 the figure decreased to 592 903 people in road transport. National transport statistics as well as international transport statistics for the province of Hatay are considered as important indicators of the economic and commercial life.

Year	Region Code	Region Name	Airway	Rail road	Road	Seaway
2008	TR631	Hatay	-	-	328897	1000
2009	TR631	Hatay	-	-	389353	2040
2010	TR631	Hatay	12589	-	640347	1103
2011	TR631	Hatay	13179	-	479494	1325

Table 13: TÜİK 2008-2011 International Transport Statistic <sup>10</sup>

Hatay province international airline, rail, road and sea transport statistics are included in table 14 in between 2008-2011. In the table as the first noticeable situation of Hatay province as an important international crossing point is that Hatay does not have a railway network. The province of Hatay can not reach to the region with the rail network. Hatay international transportation takes place mainly via road transport. Then it follows air and sea transport. The table indicates that, in 2008, 328 897 people have used road transport; the figure has an increase in 2009. In 2010, this figure has increased exponentially. While 640 347 people in 2010, the number of international road transport declined in 2011. This decrease was about 24%.

Year	Region Code	Region Name	Airway	Railroad	Road	Seaway
2008	TR631	Hatay	-	-	317396	1881
2009	TR631	Hatay	-	-	377858	1850
2010	TR631	Hatay	12114	-	618059	1146
2011	TR631	Hatay	12816	-	468482	1309

Table 14: TÜİK 2008-2011 International Foreign Mobility Statistics

<sup>10</sup> The Statistics includes the transit pass as well.

The TSI statistics in the Table 15 shows the foreigners transport mobility taken place between the years of 2008-2011. Considering that the previous table containing the international transport statistics, including the citizens of Turkey, according to the statistics given in the table 15, it is understood the mobility of the international transports of Hatay are intensively from the foreigners. It is seen that the numbers of increase and decrease and the rates given in the previous table between the years of 2008-2011 occurred in the same way as here, and after 2010, approximately 25% decrease in the mobility of the foreigners in Hatay is recorded. When it is looked at the statistics prepared by TSI, it is clearly seen that in the special case of Hatay province, the transportation and foreign trade / export figures were ongoing increasing between the years of 2008- 2011 and after the second period of the year of 2011, there is a serious decline both in transportation and in the exports figures.

On the other hand, as of the date of last months, the number of the foreigners coming to Hatay is seen to be better explanatory. While in July, 2011, the number of foreigners coming to Hatay was 280 423 people, in January 2012 when the sanction decisions became valid, the number of the foreigners coming to Hatay declined to 186 962. In the July, 2012, it decreased to 55 968 persons.<sup>11</sup> Within the mentioned foreigners, who have entered to Turkey because of the war in Syria, Syrians are also included in those foreigners. That's why it is observed that there is a severe decrease in visitations to Hatay over Syria for touristic or shopping reasons. Besides those, when it is considered the number of western countries and other regions visitations to Hatay, it need to be taken into account that the local economy has been affected in a negative way. In this context, it is determined by the research and observations done directly at the field that almost all local hotels, restaurants and grand bazaar artisans have been affected adversely by the Syrian crisis. For instance, Hatay based two transportation firms were running around 250 vehicles in a day between Hatay and Aleppo. Some visitors come just for a day and others spent their weekends in the regions. Along with crises, aforesaid vehicles ended up their all of works.

In addition, it was indicated that there were also some people who visit Turkey from Lebanon over Humus. The crisis is also put these visitations to an end. Because of the crisis, the local economic mobility has been affected in a severe way. Especially the workers at the Harbiye region and Hatay local Grand Bazaar that used to be visited at the weekends by the some Syrian tourists have been affected significantly. In addition to these entire crosses-

---

<sup>11</sup> <http://www.ktbyatirimisletmeler.gov.tr/TR,9854/sinir-giris-cikis-istatistikleri.html>

border trade is over and this leads to a severe economic constriction in the local economy of Hatay. People from Hatay indicate that even in the worse political relations between two countries (Turkey-Syria), there was a cross-border trade and having some limitations and de facto closing of border and allowing entry and exit of refugees to Syria without any state control lead approximately 25 thousand family to be in bad situation economically who take care their livelihood by cross-border trade for plenty years. The local people of the Hatay whom we met have attracted attention that cross-border trade is carried out by two fundamental ways. First of all, there was a kind of people who afford their subsistence by purchasing goods or fuel via trip to Aleppo by their own private cars or the transportations vehicles to Aleppo. However, with the de facto closing of the border, it is noted that this cross-border trade is over for the first time. And secondly, there is a direct cross-border trade which is more extensive and profitable in order to provide goods to center Syria and from Syria to Turkey. Unfortunately local people say that all cross-border trade is over dramatically with the crisis and that's why they are asking for economic back up from the state.

#### ***A. The Effect of the Syrian Crisis on Hatay Economy in Term of Road Transportation***

The effect of the Crisis between Syria and Turkey on Hatay economy has been seen mostly over the field of transportation. Hatay which has the second largest fleet of transportation after Istanbul in Turkey takes a significant portion of road exportation, especially done throughout the Middle East Countries. Transportation, performed by predominantly Arabic speaking parts, has started to experience an economic constriction together with the crises. There were about 10.000 Trucks in Hatay before the crises so it contained in itself the approximately 11% of international road haulage transportation in Turkey. Hatay is the central point for the transportation performed to Arab countries. It was performing as an opening door of Turkey to Arab Countries and the near region countries. It was a drop-down gate for Turkey and for the countries, the near to Turkey to the Arab countries. While transportation is the main part of wet and dry transportation, it is, at the same time, a local way of making living for the drivers in Hatay. Drivers were obtaining between 500 and 1500 dollars per expedition as income but it changed according to region. During the periods of cold relations between Turkey and Syria, drivers were working properly and smooth in transporting. However, as long as inclusion of Turkey to the recent crisis caused to be faced with the protest of the opposition towards drivers and the firms from Hatay Arab

Allawi origin at the border regions and the instability in Syria, also forced drivers to leave their jobs before July 2012.<sup>12</sup>

Although Transportation sector is nearly come to a halt in July 2012, only two companies announced their bankruptcy that is noteworthy. About this, aforesaid issue was asked to related sectors representative in the meetings performed by the project team. According to Hatay President of the Chamber of Industry, transporters increasing the number of their trucks in the pre-crisis period, sell their capital together with the crisis and have been trying to circumvent the crisis. Because of this, bankruptcy is not still explained.

On the other hand, he stated that a lot of companies would explain their bankruptcy, if the crisis continues.<sup>13</sup> The vast majority of the trucks were taken with the credit in previous years before crisis and they started to pay their loans by announcing the selling of their cars. Sector representatives said that if the government does not support them, in the middle period, the transport sector and for those thousand people whom providing their livelihoods from this sector would face with great difficulties. In this context, the effects of the crisis to directly on transportation sector will be explained with data. There is the situation if being faced below:

<b>Cilvegözü Border Gate</b>	<b>“Goods Transport” and “Full with Goods” Transportations and the number of the Vehicles</b>
<b>July 2010</b>	15.000
<b>July 2011</b>	15.000
<b>December 2011</b>	7.980
<b>July 2012</b>	3.023
<b>August 2012</b>	30

**Table 15: Transportation and the number of the Vehicles**

As it can be seen from the table, very important change has occurred at the number of the vehicles at the border crossing Cilvegözü, being an opening gate to the Arab Middle East and Syria for Hatay, with the crisis. From July of 2010, about 15 thousand vehicles entered to Syria, departing with “goods transportation” and “full goods exit”.<sup>14</sup> Similar figures were reached in July 2011. However, when the range of sanctions decisions taken in December,

<sup>12</sup> The Interviews and the meeting with drivers from Hatay, July and August , 2012.

<sup>13</sup> The meetings with Hatay Chamber of Industry July, 2012.

<sup>14</sup> [http://www.kugm.gov.tr/BLSM\\_WIYS/KUGM/tr/Belgelik/sinir\\_gecis/2010/20110110\\_151928\\_2769\\_1\\_44520.pdf](http://www.kugm.gov.tr/BLSM_WIYS/KUGM/tr/Belgelik/sinir_gecis/2010/20110110_151928_2769_1_44520.pdf)

2011, all of a sudden, it is recorded that the number of vehicles has decreased by 50%. While In December 2011, the exit with “goods transportation” was 4.120, the exit of “full with goods” decreased to 3.860.<sup>15</sup> In parallel with the crisis, the number of the vehicles continued to decrease and when it comes to July, 2012, the exit with “goods transport” declined to 1,611, the exist with” full with goods” declined to 1.592. However, on 20 July, the pillaged and the burnt of the 12 truck from Hatay at the Syrian borders and sometimes in the region caused the pass from the borders to come to a standstill. In this context, at the August, 2012, the number of the vehicles with “goods transport” decreased to 28 and the number of the exit with “full with goods” decreased to 2. At the same time, the number of the exit with transit full, decreased to 1.<sup>16</sup> Comparatively speaking, in 2010, the numbers of the truck-articulated lorry made entry and exit from the Cilvegözü Customs gate was 172 thousand 419 , in 2011, this number decreased to 150 thousand 104 with approximately 13% decline. As the month of May of the year 2012, a decrease of 41 percent was seen while compared with the same period last year so 38 thousand 617 truck- articulated lorry made an entry and exit.<sup>17</sup> It must be specified that In August 2012, over Syria to Turkey, the goods could not be brought. Therefore, it is seen that the transportation of goods from Turkey to Syria or to Turkey from Syria has decreased by approximately 99.9%. Due to the instability in Iraq, The near regions countries from outside of Turkey, were holding out the trade with the Middle East over Turkey an especially over Hatay.However, at the current stage, the exports done to Syria and over Syria to Arab counties came a stop point as it is found from the observation done directly in the field.

The Crisis directly led the stoppage of the transportation sector, at the same time, it should be noted that the important parts of the aforesaid 15 vehicles carry the good directly from Turkey to Syria and via Syria to the Middle East. Especially, many goods apart from the dry and wet food, from the textile to ice-cream, are transferred with transportation sector within the Middle East. For the transportation sector, enabling the Mersin- Egypt Ro- Ro service then supported by Iskenderun- Egypt Ro- Ro line are important steps but with this, the ship lines working with approximately 85- 90 trucks capacity, do not meet the needs of the transporters in the question of cost and time. In addition, the arrival of some export goods such as wet foods to delivery points sometimes reached to 10- 15 day so these goods remain

---

<sup>15</sup>[http://www.kugm.gov.tr/BLSM\\_WIYS/KUGM/tr/Belgelik/sinir\\_gecis/2011/20120103\\_085324\\_2769\\_1\\_64.pdf](http://www.kugm.gov.tr/BLSM_WIYS/KUGM/tr/Belgelik/sinir_gecis/2011/20120103_085324_2769_1_64.pdf)

<sup>16</sup>[http://www.kugm.gov.tr/BLSM\\_WIYS/KUGM/tr/Belgelik/sinir\\_gecis/2012/20120905\\_135528\\_2769\\_1\\_64.pdf](http://www.kugm.gov.tr/BLSM_WIYS/KUGM/tr/Belgelik/sinir_gecis/2012/20120905_135528_2769_1_64.pdf)

<sup>17</sup> Mehmet Ezer, “Hatay Böyle Kriz Görmedi”, 29.07.2012, <http://www.hurriyet.com.tr/ekonomi/21094109.asp>

as a significant problem for companies and manufactures who exported these goods. Therefore, it is claimed that RO-RO voyages are unable to be the solution for the economic problems tied with Syrian crisis. In fact, from the observations and the interviews done in Hatay, it is seen that Hatay has turned into a city that thousands transportations means are released for sale.

### ***B. The Support Steps That Demanded By People of Hatay to Reduce Effects of the Crisis: Suggestions and Recommendations***

The crisis of between Turkey and Syria has been found to have directly effect on Hatay region economically. The dimension of the effect is varying at the sectoral levels. Especially border traders, transportation sector, local firms and local trades people have been severely affected by Syria crisis. It is stated that If the crisis will keep on in long time, there could be worse economic problems and this could cause social and community problems. Necessity of some economic steps taken by Turkish state was detected in field research. Here are some crucial suggestions that should be implemented for the stability of Hatay.<sup>18</sup>

- a. To do immediately a specific regulation for company owners and owners of vehicles bought with loan taken from banks, devoted to the crisis in the transport sector.
- b. To enact A new special subsidy law for small-sized and medium-sized firms in Hatay
- c. To have urgently economic support for companies, engaged in the export to Syria and in exchange of the political support of Turkey government for improve the trade with Syria, at least the compensation of the expenses for this.
- d. It is demanded to organization of the daily fast ferry voyages on a regular basis to Egypt and Lebanon, in order to revive the local economy.
- e. Need to have some attempts on the rapid completion of Construction of substructure at Yayladağ Border Checkpoint and maintain a stable transportation voyages at same territory

---

<sup>18</sup> It is compiled from conversation with Hatay Chamber of Industry , Hatay Chamber of Trade, Representative of Transporting Sector, leaders of non-governments, and representative of tradespeople and small-sized firms in Yayladağı, Reyhanlı, Harbiye and the central of Hatay.

- f. The dept of the Health insurance (Bağ-Kur and SGK) of trades people is demanded to be postponed on the condition of at least one year.
- g. At least 1 year postponement to tax payments for small-sized and medium-sized firms and having the new regulation for the tax payments
- h. The setting of the job opportunities for individuals who working in transportation sector as a driver for a long time during the crises period.
- i. Implementing Economic Support programs for touristic firms who investing in the Hatay with encouragement of Turkish government and political relations between Syria and Turkey.
- j. There are serious claims on the agenda that the food and other needs for the refugees bought by the government are taken from a few firms. Therefore, Food and other needs of refugees placed in Hatay which supplied by state should be supplied from larger parts of trades people in Hatay instead of a few firms.
- k. Some amount of costs of Ro-Ro voyages should be supplied by Turkish state
- l. Tax reductions and tax payment deferrals for taxpayers from Hatay province.
- m. A new provision of state support for the private sector from Hatay in distribution of credit to firms by private banks after the Syrian crisis. Turkish state should take precautions to possibility of changing credit policy of private sector banks for unpaid overdue credits. Plus, if it needed, the state should intervene to deferment of payment of at least 1 year in case of any problem of paying back credits. And, the state bank should privilege of credit allocation to firms as a result of the crisis.
- n. Providing financial support for at least one year for those 25 thousand families whom making a living from the border trade taken place with Syria. It is said that In the last period, the cross-border trade carried the basic needs to the Buffer zone between the customs but the control of border trade is taken by Syrians. While they assert that the

vehicles which have Syria registration number are allowed to pass, but not allowing the Turkey's vehicles is damaging to their own trading.

- o. The farmers in Hatay point out that they have problems in finding raw materials and markets for their products and farmers are demanding to have reduce in the price of the fuel, electricity and fertilizer and they ask government to provide purchase guarantee about products which are exported to Syria and through Syria to Arab countries. For example, they argue the prevention of the cottonseed export by Syria, factories are deprived of oil and pulp processing which affects negatively to local employment.
- p. To using of the political power over opposing forces of controlling the security of Turkey - Syrian border for avoiding to usury. To prevent the ill-treatment against Syrians and Turkish people who come to Custom.
- q. They allow people pass through border crossings by taking bribes although it is prohibited. Government must provide staff training in order to provide justice at the border crossings and customs.
- r. A citizen from Hatay said that his kin escaped from the war, when they wanted to return Syria, they weren't allowed because of not having a passport. Therefore, they had to wait for changing of the guard at the mountain to return Syria. Then they passed to Syria. They demand to prevent the Some Syrians for allowing people to enter the country by the agency of bribery.
- s. Some new regulation of health needs to be done to supply the needs of the local population in and around the province of Hatay. For example, there is only one hospital brought all injured Syrians in Reyhanlı. This hospital and the newly constructed health center are not enough for these all people. . The main complaint is that the Syrians are privileged and the local people are waiting all day but still they can not benefit from the basic health services as they expect. Although the new ambulances and the health personal are brought to the region, all these ambulances and the health personal prioritize the Syrians due to emergency so they demand the construction of a separate health unit for Syrians and provide for Syrians and Turkish

to health services from different health units. Additionally, some health staff is blamed to discrimination for denominationalism. Therefore, as project team, it is advised opening new health units benefited only by Syrians and finding solution for the problems arising at the local level.

- t. Lastly, those people who live in and around of Hatay demand support from the government because of the increase of renting and other expenses due to the arrivals of the Syrians which affect seriously their family budged.