

ECONOMY & FINANCE

TOURISM IN SYRIA

Tool for Capital Accumulation and Political Normalisation

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The Syrian government prioritized tourism recovery for two reasons: to attract investment to stimulate economic growth, and to present the desired “face” to the international community in order to foster normalization.



The regime hoped that presenting Syria as a touristic hub would counter the negative discourse around its human rights violations and promote a more positive face to the world: a stable country with a legitimate government that is worthy of conventional diplomatic treatment.



Tourism is an important sector for attracting local and foreign investments. Several prominent regime-affiliated Syrian businessmen, all under sanctions, have invested in hotels and other touristic facilities in recent years.

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1

INTRODUCTION

The tourism sector has seen significant growth in the Middle East in recent decades, both for wealthy countries that have invested in tourism as part of their economic strategies and for countries struggling through economic crises. In 2022, the Middle East was the region with the highest number of international arrivals globally. From 2021-2022, the tourism and transport sectors contributed USD 107 billion to the region's GDP, which increase by 46.9%. In 2023, the Middle East region continued to welcome a high number of international tourists, with a 20% increase from pre-coronavirus levels during the nine-month period leading up to September 2023. The Middle East was the only region worldwide to exceed its 2019 tourism levels during this timeframe.

Despite more than a decade of war and massive destructions, the Syrian government has also been implementing policies to re-develop its tourism industry in an attempt to attract wealthy Syrians living abroad, as well as regional and international tourists. This policy serves two main objectives. First, Damascus is seeking to accumulate capital and to attract local and foreign investments in foreign currencies. As shown in this study, there is a link between the deepening liberalisation of the economy and the expansion of the tourism industry. Second, in the wake of the civil war, the state aims to accelerate the ongoing normalisation process by welcoming foreign tourists and by making the Syrian Ministry of Tourism visible on the international scene.

This study explores the strategies adopted by the Syrian government to encourage tourism, with both short-term and medium-term impacts on the economic situation as well as the government's re-engagement with foreign actors. The first section examines the development of the tourism industry in Syria under the rule of Hafez al-Assad from 1970 and the boom of the sector under his son Bashar al-Assad between 2000 and 2010. The second section analyses the Syrian government's strategies to re-develop the tourism industry in the wake of the war and returns made in terms of capital, profits and investments. This section also considers the criticisms raised by some sectors of the population against the government's focus on expanding the tourism industry while so many other sectors are crumbling. The final section looks at the role of the Syrian Ministry of Tourism in accelerat-

ing the normalisation process with other countries. It also examines the limitations of the Syrian regime's policies in regard to the tourism sector and obstacles to achieving their objectives.

2

ORIGINS AND DEVELOPMENT OF SYRIA'S TOURISM INDUSTRY

The origins of the development of the tourism industry dates back to the 1970s. Activities connected to the tourism industry increased progressively in size and value in the following decades. However, until the mid 1990s the number of regional and international tourists visiting the country remained relatively low, not exceeding 100,000 a year.

2.1 THE EMERGENCE OF THE TOURISM INDUSTRY UNDER HAFEZ AL-ASSAD (1970-2000) - ECONOMIC LIBERALISATION

Syria's tourism industry dates back to the 1970s, and activities connected to the tourism industry increased progressively in size and value in the decades that followed. However, until the mid 1990s the number of regional and international tourists visiting the country remained relatively low, not exceeding 100,000 a year.

The expansion of tourism was connected to the gradual liberalisation of the Syrian economy. After coming to power in the 1970 coup, Hafez al-Assad's regime was attempting to win favor with wealthy investors in the private sector by implementing an economic liberalisation agenda. Throughout the late 1970s, the development of the tourism industry was central to this agenda, with the establishment of many mixed sector companies with predominantly private sector management. These companies were established through legal action, the most important examples being Law No. 56 of 1977, which resulted in the creation of the Arab Syrian Company for Touristic Establishments (ASCTE) under Syrian businessman Uthman A'idi, and Law No. 41 of 1978, which resulted in the establishment of the Syrian Transport and Tourism Company (TRANSTOUR) owned by Sa'ib Nahhas. These businessmen were closely associated to the ruling political elites, and they maintained quasi-monopolies in the tourism industry.

The government generally reserved a minimum 25% of ownership in any new company but restricted its contribution to the supply of capital, including land, property, and access to utilities. These joint ventures benefitted from several types of exemptions; they were not beholden to currency exchange controls and often did not have to pay

income taxes and other types of obligations for a period of seven years.

Through economic liberalisation, the Syrian regime extended its patronage networks into the private sector, controlling access to resources and the market in order to restrict and limit privatisation to selected members and organisations. By making itself a necessary ally for anyone with business interests, the state became a machine of accumulation, enriching the close circles of the ruling elites. The multiplication of informal networks and the nepotism, which bound the various sectors of the state with the business community, gave birth to a "new class" of bourgeois renters. This "new class" was connected to all sorts of business with the state, including the tourism industry.

The 1970s were a period of modest growth for Syria's tourism industry. The private sector contribution to GDP growth passed from 30% in the 1960s to 37% in 1980, while private investments grew throughout the 1970s faster than those of the public sector. However, this controlled economic "infatih" did not challenge the dominant role of the State and public sector as the main pillars – and in many ways the gatekeepers – of the economy.

Following the fiscal crisis in 1986, new liberalisation measures were put in place that further boosted the tourism industry. Resolution No. 186 of the Supreme Council of Tourism expanded the role of the private sector in contributing to the construction and development of tourist facilities. This resolution allowed new exemptions regarding the import of raw materials, tools and manufactured equipment for businessmen and investors establishing tourist installations, particularly for luxurious projects and on taxes and customs duties. Numerous private hotels and tour companies were established during this period, while the Cham Palace hotel group saw a significant rise in visits. New exchange rate reforms diminished the costs of tourists coming to Syria and therefore of the tourism industry, particularly regarding hotel and restaurant management. The aim of this emerging private sector in the tourism industry was to draw in foreign tourists, particularly from the West and the Gulf with relatively significant purchasing power.

A new push for economic liberalisation was made in 1991, developed under a process of reforms called "economic

pluralism" (*al-ta'addudiyya al-iqtisadiyya*). Economic pluralism officially acknowledged the role of the private sector alongside the public sector. The symbol of the new liberalisation process was the investment law Decree No. 10, 1991. This decree was intended to promote and encourage national and foreign private investment in sectors of activity that had previously been under the monopoly of the public sector. The private sector, which was responsible for about 35% of gross fixed capital formation between 1970 and 1985, increased to 52% of the total in 1989 and then 66% in 1994.

2.2 NEOLIBERALISM AND THE TOURISM BOOM PRIOR TO THE 2011 SYRIAN UPRISING (2000-2010)

After Bashar al-Assad came to power in 2000, Syria underwent a decade of accelerated transition to neoliberal policies. This process was characterised mainly by extensive privatisation and partial economic liberalisation (e.g. expansion of trade; removal of tariffs and other trade barriers; reduction of subsidies; proliferation of banks, insurance companies and other private financial services, etc.). This liberalisation process was partial insofar as the Syrian state maintained a significant role in most economic sectors by employing a large number of Syrians and maintaining key public assets. Liberalisation and privatisation policies were a means for the new ruler to solidify his power. In 2005, a "social market economy" was adopted as a new economic strategy at the Baath Party's 10th Regional Conference. The private sector rather than the state would become a partner and leader in the process of economic development and in providing employment. The objective was to foster private accumulation mainly through marketisation of the economy, while the state withdrew from the provision of social welfare.

This strategy aggravated already existing socio-economic problems. First, the large majority of the productive sectors of the economy, particularly the agriculture and manufacturing industries, suffered negatively as a result of the processes of liberalisation and privatisation, including the progressive elimination of trade barriers resulting from the implementation of the Greater Arab Free Trade Area (GAFTA), concluded in 2005, along with bilateral agreements with neighbouring Turkey. The share of the economy of productive sectors declined from 48% of GDP in 1992 to 41 % in 2010. Economic growth, therefore, was essentially derived from the service sector and rents, making the state dependent on oil-export revenue and capital inflows. Second, only a very small stratum of the population benefited from this growth. Extreme poverty actually increased slightly (from 11.39 % to 12.3 %), and overall poverty increased significantly (from 30.1 % to 33.6 %) from 2004 to 2007. The Syrian government's neoliberal economic policies were also not in the capacity to absorb potential entrants to the labour market, particularly young graduates. The decrease in the labour force participation rate occurred in both rural and urban areas but was more acute in rural areas. The general unemploy-

ment rate in 2010 was estimated to be around 25%, in contrast to the official figure of 8.6% reported by the state.

Fundamental in this new economic strategy was the attraction of foreign investment as well as Syrian funds held by nationals and expatriates outside of the country. Legislative Decree (LD) No.8 was ratified in 2007 to promote more investment in the country and became the main legal framework behind private investment, supplanting the old Investment Law No. 10 of 1991. In addition to this, the Syrian Investment Agency (SIA) took the place of the Investment bureau that had been functioning since the beginning of the 1990s. Foreign direct investment climbed from USD 120 million in 2002 to USD 3.5 billion in 2010. Investment inflows drove a boom in trade, housing, banking, construction and tourism. Investments in luxury tourist and residential developments attracted around USD 20 billion by mid 2007. The most significant foreign investors in the tourism sectors were from the Gulf countries, who were already heavily invested in the real estate market. For example, one of the most important investments and joint ventures in the tourism sector in Syria was the UAE-based Majid Al-Futtaim's (MAF) 1 billion USD stake in the Khams Shamat tourism development in Damascus.

The significance of the tourism industry was also evident in a string of promotional events, such as the Tourism Month organised annually from 2002 to 2010 and the tourism investment market that attempted to draw investment to some of the country's leading tourism sites. The Syrian government also established specific tourism institutions to develop the industry. In 2002, the Federation of Syrian Tourism Chambers was established by Law No.65. The role of this new entity was to contribute to the development of the tourism industry through investments in the sector, in cooperation and coordination with the Ministry of Tourism. A regional Chambers of Tourism was established in each of eight geographical areas: Damascus, Rural Damascus, Tartous, Latakia, Northern Region (Aleppo and Idlib), Central Region (Homs and Hama), Eastern Region (Raqqa, Deir-ez-Zor, and Hassakeh), and Southern Region (Quneitra, Suweida, and Daraa). Each chamber has a board of 18 members, of which two thirds are elected and one third are appointed by the government.

Tourism was among Syria's fastest expanding economic sectors in the pre-war decade. The number of foreign visitors reached its peak in 2010 with 8.5 million traveling to the country, and the total number of nights spent by tourists in Syria exceeded the 1.2 million mark with an average of seven nights per tourist. According to a survey conducted by World Economic Forum in 2010, the Tourism and Travel Industry employed 365,000 people in 2010 in Syria, which was approximately 5.8% of the national work force. Moreover, tourism represented the second largest source of foreign currency after oil exports, generating around USD 3.9 billion in foreign currency

Table 1
Tourist Visitors in Syria in 2009 and 2010 (excluding one day visitors)

| | 2009 | 2010 | Difference | % change |
|--------------------------|------------------|------------------|------------------|------------|
| Arabs | 3,590,273 | 4,654,530 | 1,064,257 | +30 |
| <i>Non-Arab Tourists</i> | 1,436,679 | 2,387,260 | 941,581 | +66 |
| <i>Incl. Turks</i> | 381,677 | 864,988 | 483,311 | +127 |
| Incl. Europeans | 390,354 | 440,311 | 49,957 | +13 |
| Syrian Expatriates | 1,064,937 | 1,513,060 | 448,123 | +42 |
| Total | 6,091,889 | 8,545,849 | 2,453,960 | +40 |

Source : The Syria Report, "Numbers Confirm Surge of Syria's Tourism Industry", 24 January 2011, <https://bit.ly/3wQKnz>

revenue. The same year, the total revenue from the tourism sector was estimated at USD 8.21 billion (or SYP 386 billion at the exchange rate prevailing at the time), representing around 13.7% of the country's GDP. By comparison, in 2001 Syria's revenues from tourism were slightly over USD 1 billion and the number of tourists arriving in Syria was about 3 million, according to the World Tourism Organisation.

In conjunction with the expansion of the tourism industry, the aviation sector also increased significantly in this period. Dozens of foreign airlines, mostly located in the Gulf countries, launched flights to Syria, total passenger traffic more than doubled, and two private airlines were established.

However, numerous large tourist investment projects were not completed by 2011 and were interrupted by the beginning of the uprising in mid-March of that year. This included a 15 billion USD plan to build Bonyan City, a tourism and real estate project in the countryside near Damascus. In addition to this, bureaucratic complications, red tape and other barriers to conducting business in Syria had already slowed down development in the tourism sector prior to 2011..

3

THE STRATEGIC PRIORITISATION OF TOURISM IN WAR-TORN SYRIA

From 2011 to the end of 2018, the war in Syria saw losses in the tourism sector estimated at over USD 50 billion, according to Minister of Tourism Mohammed Rami Martini. Physical destruction rendered 1,468 tourist facilities out of service, including 365 hotels and 1,103 restaurants, while more than 260,000 jobs had been either directly or indirectly lost. Initially, in 2012, the government adopted modest strategies to alleviate the difficulties facing the tourism sectors' investors, granting them the possibility to re-schedule the repayment of loans owed to state-owned banks and cancelling all delay fees and penalties. Later, in 2014, the Ministry of Tourism organised the first post-uprising conference to attract local investors interested in small and medium-sized projects. But the revenue from the tourism sector remained low, reaching SYP 7 billion in 2017 (equivalent to a mere USD 14 million at the time). Starting in 2018, the year the Syrian regime recaptured vast swathes of territory from rebel forces, the government once again tried to revive tourism by promoting the country as a holiday destination. New luxury hotels were built, especially in seaside locations and in the recently recaptured city of Aleppo.

The recovery of the tourism industry was prioritised by the Syrian government for two reasons: to attract investment in order to stimulate economic growth, and to present the desired "face" to the international community in order to foster normalisation.

3.1 ATTRACTING LOCAL AND FOREIGN CAPITAL

Like before 2011, the promotion of the tourism industry is part of the strategy to deepen the neoliberal economic policies of the country. The objective of the Syrian government is to consolidate the regime's power by connecting to patronage networks while facilitating new forms of capital accumulation. In February 2016, the Syrian government announced its new political and economic strategy called "the National Partnership", which replaced the previous "social market economy" strategy from 2005. One key instrument of the new strategy is the law on "Public Private Partnerships (PPPs)" adopted in January 2016, six years after its drafting. This law authorises the private sector to manage and develop state assets in all sectors of the economy – with the exception of

the oil sector – as a majority shareholder and owner. Former Economy and Foreign Trade Minister Humam al-Jaza'eri declared that the law provided the private sector with the opportunity to "contribute to economic development as a main and active partner, and to also help develop the public sector via the time-limited contractual relations with the private sector". He added that "this law achieves an important thing for economic and social development, which is attracting more funding from the private sector to complement the state investments".

The re-development of tourism industry was a top priority within this new economic strategy. At the beginning of 2023, the Syrian Ministry of Tourism announced a working plan to double the number of beds in tourism facilities from 38,000 to 80,000 by 2028, and to reach 100,000 beds by 2030. The Ministry claimed that the number of tourist arrivals was expected to reach pre-2011 levels by in the year 2028. In mid-April 2024, the Syrian Minister of Tourism, Mohammad Rami Martini, announced the establishment and launch of an electronic visa platform, which was intended to ease entry and increase the number of individuals visiting the country. The electronic platforms seek to facilitate and accelerate applications for visas for foreign tourist groups.

Investing in the tourism sector is indeed strategic for the regime because it provides access to a source of foreign currency income, as hotel guests from abroad are charged in US dollars. Due to both the normalisation process with Saudi Arabia and Syria's return to the League of Arab States, Syrian officials are anticipating the return of tourists from the Gulf countries in the near future. The government has also been trying to attract tourists from the Syrian diaspora living abroad. Aside from holiday-makers, the government has also been promoting medical and religious tourism.

In the summer 2023, the Office of the Prime Minister estimated that people coming to Syria for medical treatments constituted 5% of the total number of tourists. In an article published by the Syrian opposition-affiliated newspaper Enab Baladi in December 2023, the author interviewed several individuals from neighbouring countries detailing their medical visits to Syria. For instance, an Iraqi citizen recounted that "a plastic surgery in Iraq costs him more

than USD 1,500, while in Syria, the cost is about USD 400". Similarly, a Jordanian citizen told the journalist that a dental treatment of three teeth in Jordan amounted to around USD 600, while it did not exceed USD 50 in Syria. The pro-regime newspaper al-Watan interviewed a dentist in the country who stated that Syria is on average 50 % cheaper than other countries in the region, and for some services this difference can exceed 70%.

As for religious tourism, this has mostly been focused on foreign Shia communities. Syria hosts several Shia shrines, including the Sayyida Zeinab and Sayyida Ruqayya shrines in Damascus, as well as hundreds of hussainiyas, which are congregation halls for Shia religious ceremonies. The Minister of Tourism has taken particular interest in developing tourism around the Sayyida Zeinab shrine, encouraging the construction of new tourist facilities as the number of tourists to the neighbourhood has swelled.

The Syrian Minister of Tourism, Mohammad Rami Martini, announced at the end of 2023 that the number of visitors to the country that year had reached two million, including 1,75 million Arabs (mostly Lebanese, Iraqi, Jordanian, Bahraini, and Kuwaiti) and 250,000 non-Arab foreigners (mostly Russian, Pakistani, Iranian, and Indian). Of the non-Arab visitors, the vast majority (about 213,000) visited religious sites, especially Shi'a pilgrimage destinations. In comparison, 1.78 million individuals visited Syria in 2022. The Ministry of Tourism recorded 1.7 million nights spent in hotels by Arab (1.04 million) and foreign non-Arab visitors (660,000), while Syrian visitors, both from within the country and abroad, (985,000) spent 3.4 million nights in hotels. In addition to this, the Minister of Tourism estimated the number of workers in the sector at around 180,000.

The Prime Minister explained that the government relies heavily on the tourism sector as one of the most important drivers of the service economy. The Syrian Ministry of Tourism announced that they were planning the entry of 2.5 million visitors to Syria for the year 2024, including 40% tourists, and that the number of nights spent in Syria's hotels would rise to 4.5 million.

Hotels affiliated with the Ministry of Tourism earned SYP 125 billion in revenues in 2023 compared to SYP 56 billion) the previous year, representing a nominal rise of 120%. However, in real terms based on the official exchange rate of December 2023 and December 2022, hotel revenues diminished from USD 22.2 million to USD 9.9 million during this period. During the same period, hotel profits went from SYP 11 billion in 2022 to SYP 28 billion in 2023, which in dollar value was a decrease from 4.35 million to around USD 2.2 million. In addition to these revenues, the Syrian state collected SYP 300 billion (USD 23.76 million at the official exchange rate in December 2023) in fees for visiting museums and archaeological sites in 2023. The total income received in tourist visa fees is included in the broader category of consular fees and reached SYP 900 billion (equivalent to USD 71.3 mil-

lion). This figure also includes other procedures like renewing Syrian passports, for instance.

Moreover, the tourism sector is an important site to attract both local and foreign investments. Several prominent Syrian businessmen affiliated with the Presidential Palace – and all under sanctions – have invested in the past few years in hotels and other touristic facilities. For example the Four Seasons Hotel is owned by the Syrian Saudi Touristic Investments Company (SSTIC), partly held by businessman Samer Foz. In mid-March 2018, a company called Murooj al-Cham Investment and Tourism Company, owned at 47% by businessman Wissam Qattan, was awarded a 45-year contract from the Ministry of Tourism to develop a prime real estate location known as al-Jalaa in Damascus, which included the construction of a large five-star hotel and a shopping mall. A year later, he was also granted a 48-year contract to invest in the Yalbagha Complex, a project in central Damascus owned by the Syrian Ministry of Awqaf (Religious Endowments), and to transform the property for commercial tourism. Businessman Khodr Ali Taher has also invested in the tourism industry, including a joint venture called Syrian Hotel Management LLC. He owns two third and the rest is held by Syrian Transport and Tourism Company. This investment is mostly probably why the US imposed sanctions against the Syrian Ministry of Tourism and Syrian Hotel Management LLC in October 2020. Similarly, the Aleppo-based Katerji family has expanded their investments in the tourism sector in the past few years, establishment joint ventures with the Syrian Ministry of tourism. Most of the investments projects launched by the Katerji family are made by one of its holdings called Arman Group, the CEO of which is Rassin Martini, a relative of the Minister of Tourism Mohammed Rami Martini.

Minister Martini is himself a business investor in the sector and is affiliated with other prominent Syrian businessmen. He is the founder, owner, and manager of multiple touristic companies, including the Coral Martini Hotel, Julia Dumna & Martini Tourism Investments Company, al-Ghad al-Afdal Investments Company, and Phiniqia Tourism. He was also at the head of the Syrian-Russian Business Council from 2016 to 2018, and the President of the Federation of Syrian Chambers of Tourism from 2008 to 2014.

In terms of foreign actors, Russian investors has been the most prominent, with particularly significant investments in the coastal areas. In 2018, a Build-Operate-Transfer (BOT) contract for 25 years was concluded between STG Logistic and the Syrian Ministry of Tourism. The plan was to build a seaside tourist resort - including two hotels, one of which will be rated 5-star - a conference hall, a commercial space, and various other amenities on 30,000 square metres of Baath Party-owned land in Manara near Tartous. The investment cost has been estimated at USD 90 million. In addition to this, in Summer 2022 a Russian company called Intourist Sinara concluded a 45-year BOT contract for the development of a four-star tourism complex in the city of Latakia for a value of more than SYP 100 billion

(around USD 39.6 million according to the exchange rate at that time). It should be noted however that Damascus had initially awarded this project to the same firm in 2006 for a value of USD 30 million, but it was never implemented as a result of the eruption of conflict in 2011. The Syrian government was therefore forced to issue a new contract with updated conditions. In neither case has the planned project been realised.

The tourism sector has continued to attract new investments, mostly local ones, in 2023. According to the Minister of Tourism, out of the 62 tourist facilities licensed in 2023 according to Law No. 23, 52 were new facilities, creating a total investment value of SYP 464 billion (equivalent to USD 36.75 million). Several new touristic projects were also announced in the beginning 2024. In February, the Syrian Investment Agency (SIA) granted a new investment license for a five-star “tourist hotel and its accessories” with a production capacity of up to 83 rooms, for a total value of SYP 468 billion (equivalent to USD 37 million), in the “Yafour area” of the Rural Damascus governorate”. However, many of these large touristic projects were still not implemented at the time of writing and remained mere announcements.

3.2 PORTRAYING LEGITIMACY THROUGH “TOURISM-BASED DIPLOMACY”

While economic incentives are an explicit motivation in the Syrian regime’s policy to develop the tourism sector, investments in tourism are also a way to present an image of Syria that can promote normalisation with regional and international actors. The authorities are using tourism to portray Syria as a stable country and the national government as a legitimate institution worthy of conventional diplomatic treatment. The regime hoped that presenting Syria as a touristic hub would counter the negative discourse around its human rights violations and promote a more positive face to the world. Many international tourists-cum-bloggers have publicly portrayed Syria as “safe and secure”, while Syrian travel agencies promoted such narratives by assigning a fixer to be present with visitors at all times. The presence of Western tourists is widely publicised by state media and the Ministry of Tourism.

The Minister of Tourism Mohammad Rami Martini has contributed to this normalisation narrative since assuming his role in 2018, despite himself being the target of sanctions by the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury and the European Union.

Table 2
Tourist Arrivals in Syria (2010-2023)

| Year | Arabs | Non-Arabs | Total |
|------|-----------|-----------|-----------|
| 2010 | 6,281,525 | 3,175,097 | 9,456,622 |
| 2011 | 3,159,187 | 2,274,009 | 5,433,196 |
| 2012 | 1,182,546 | 381,774 | 1,564,320 |
| 2013 | 619,940 | 51,632 | 671,572 |
| 2014 | 621,499 | 55,268 | 676,767 |
| 2015 | 672,670 | 81,940 | 754,610 |
| 2016 | 931,387 | 111,945 | 1,043,332 |
| 2017 | 1,149,130 | 132,416 | 1,281,546 |
| 2018 | 1,620,229 | 181,830 | 1,802,059 |
| 2019 | 2,219,626 | 204,659 | 2,424,285 |
| 2020 | 405,242 | 74,122 | 479,364 |
| 2021 | 531,223 | 129,683 | 660,906 |
| 2022 | 1,570,000 | 216,000 | 1,786,000 |
| 2023 | 1,750,000 | 250,000 | 2,000,000 |

Source : The Syria Report, “Syrian Government Records 2M Tourists in 2023 and Takes Back Control of Hajj File”, 16 January 2024, <https://bit.ly/42BxKsj>

Martini led the first official Syrian delegation to the Kingdom of Saudi Arabia (KSA) after the outbreak of the uprising in 2011 in May 2021, under the auspices of an invitation to attend the 47th meeting of the World Tourism Organisation committee for the Middle East. Tensions between the two countries subsequently decreased until Riyadh decided to normalise its diplomatic relations with Damascus in the Spring 2023. In April 2023, more than a decade after Riyadh had ceased diplomatic relations with Damascus, Saudi Foreign Minister Prince Faisal bin Farhan travelled to Syria on an official state visit. Several months later, at the 49th conference of the Middle East Regional Committee of the World Tourism Organisation in Jordan, the Syrian Minister of Tourism revealed to the pro-regime newspaper *al-Watan* that several meetings were held on the sidelines of the conference, the most important of which was with the Saudi Minister of Tourism Ahmed al-Khatib.

In September 2023, Minister Martini met a Jordanian delegation at the Syrian-Jordanian Economic Forum in Damascus to explore ways to facilitate transit for tourists between the two countries. They also discussed strategies to attract Syrian and Jordanian businessmen to the tourism sector.

The Minister of Tourism also participated in multiple tourism exhibitions throughout the region and beyond. In May 2023, a Syrian delegation led by Martini participated in the Arabian Travel Market exhibition in Dubai, which welcomed more than 2,000 representatives from 150 countries. In September 2023, Martini participated in the World Tourism Day conference in Riyadh, with the presence of number of ministers and heads of tourism delegations from 120 countries and 500 leaders of international tourism entities from around the world. A few months later, the Syrian regime also made its return to the Arab Ministerial Council for Tourism in Doha, after being removed since 2010.

In January 2024, Syrian delegation from the Ministry of Tourism, composed of officials from the public and private sectors, participated in the International Tourism Exhibition (FITUR), one of the world's largest tourism fairs. At the fair, Deputy Minister of Tourism Nidal Mashafej told pro-regime newspaper *al-Watan* that their participation in this tourism exhibition, as well as others, would "convey the message that Syria is still present on the global tourism map" and that their strategy was to develop tourism in "friendly markets" such as China and Russia and in neighbouring countries like Jordan and Iraq. The Syrian delegation in FITUR included the Head of the Federation of Syrian Chambers of Tourism Talal Khudair, the Head of the Central Region Chamber of Tourism Mohammad Khaddour, the General Manager of the Syrian Arab Hotels and Tourism Company Ajwad Khwais, and the head of the Directorate of Tourism in the Tartous governorate Bassam Abbas. The private airline Chams Wings also participated in the FITUR exhibition just two days after being sanctioned by the EU.

During the same month, the Syrian Ministry of Religious Endowments made an agreement with the Saudi Ministry of the Hajj (Pilgrimage) to allow Damascus to also assume control of Hajj and Umrah affairs for the year 2024. This competence was therefore not only restricted to the Syrian opposition, as it has been the case since 2013. While the Ministry of Religious Endowments was officially in charge of the list of individuals allowed and registered to participate in the Hajj and Umrah, the Syrian Ministry of Tourism also took on responsibilities through a joint committee in charge of controlling and setting a certain number of conditions to respect for all tourism and travel agencies specialised in these affairs. Minister Martini has since then made several statements regarding the organisation of the Hajj and Umrah affairs and the services provided by tourism and travel agencies involved in it.

In February 2024, President of the Federation of Tourism Chambers Talal Khudair met in Aleppo with Chargé d'Affaires of the Greek embassy of Damascus Nikolaos Protontarios. Mr. Khudair expressed his willingness to benefit from Greece's experience in providing courses and trainings to cadres of hospitality workers, to ensure they are qualified for their jobs and to address the shortage, while he and other representatives of the various economic chambers called for an end to the sanctions against Syria. The Greek ambassador reiterated that Greece shared Syria's objective of developing joint economic initiatives and confirmed the embassy's readiness to assist in these efforts.

The Ministry of Tourism has also tried to seek collaborations with International humanitarian actors to develop the sector. In March 2024, for instance, the Syrian Ministry of Tourism concluded a Memorandum of Understanding (MoU) with the Aga Khan Development Network (AKDN) aimed at promoting tourism and hospitality education, training and rehabilitation.

The activities of the Ministry of Tourism and affiliated organisations are contributing to Syrian authorities' efforts to emerge from isolation in certain international fora. Moreover, the videos published by foreign influencers and Youtubers' during their visits to Syria, as well as the advertising by a small number of western travel agencies, are portraying an image of stability and relative normalcy in Syria. This plays into the Syrian regime's efforts to cast itself as a legitimate authority, despite the past decade of war and its many violations of international law.

3.3 OBSTACLES TO THE GOVERNMENT'S TOURISM STRATEGY

Despite the gains described above, there are major limitations in the economic and political gains that the Syrian Regime can attain by promoting the tourism industry.

First, tourists with higher purchasing power from the Gulf monarchies, Western Europe and even Turkey remain largely absent. The vast majority of visitors, more than 90%

for the past few years, come from less affluent parts of the Arab world, mostly from Lebanon, Iraq, Jordan and Bahrain. Many of these visitors come to Syria for family reasons, medical tourism, and shopping trips, as prices in Syria tend to be lower than in their respective countries. Visitors from Bahrain, Iran, Pakistan and India come for religious purposes, especially to visit Shia shrines. They are not generally frequenting luxury hotels or high-end resorts.

There are also material obstacles for the recovery of the tourism sector due to the widespread destruction of infrastructure, continual relative instability and insecurity in the country, departure of a large portion of the qualified work force, lack of energy (fuel) and electricity, heavy reliance on import for many products, etc. Many tourism facilities have had difficulty securing the fuel and gas necessary for their daily operations, as well as some key food products. They generally procure the needed items through the black market, which increases their cost of production. And for suppliers as well as tourists themselves, easy access to Syria is hindered due to the reduction in direct flights to and from Damascus. Syrian airlines are still banned from EU skies due to EU sanctions against Syria. And sanctions, in general, remain a significant obstacle to receiving foreign investment, including for the tourism sector.

There are additional problems related to the recovery of the economy and state capacities. First, the absence of a stable economic situation in Syria is a major obstruction to promoting both local and foreign investments in the country. The Syrian government's foreign investments have been limited and mostly restricted to Iran and Russia. Second, Damascus has been unable to strengthen the country's financial situation and prevent the persistent depreciation of the Syrian pound. The depreciation of the Syrian Pound on the black market further erodes the rapid and medium-term returns on investments in the country and therefore discourages investors, whether domestic or international. Third, Syria's limited financial capacity in both the public and private sectors prevents it from recovering its operational and functional infrastructure as well as its skilled labour force. The regime has allocated only very modest investments to reconstructing or improving its infrastructure, rather apportioning most of its spending to the war effort, public sector wages, and subsidies, although these have continued to slide. The 2024 budget is one of the smallest in decades, reaching USD 3.1 billion in real terms, including USD 800 million for investment. By comparison, the 2023 budget was USD 5.5 billion. In addition to the insufficiency of sources of funding, the country suffers from a shortage of qualified manpower, which is combined with continuous high rates of emigration, particularly of young graduates.

Second, on the normalisation process, the achievements of the Syrian Ministry of Tourism are very minor in the grand arena of foreign policy. It is naïve to believe tourism can overcome all of its international diplomacy challenges through developing its tourism industry. Damascus has yet to meet the demands of Saudi Arabia and Jordan to effec-

tively collaborate against the production and trafficking of Captagon from Syrian territories, as well as other security concerns. This is while smuggling operations and clashes between traffickers and Jordanian soldiers have increased, especially after the eruption of the Israeli war on the occupied Gaza Strip in October 2023.

Syria's regional normalisation is also dependent on developments in the relations between Iran and Saudi Arabia. While rapprochement between the Saudi Kingdom and the Islamic Republic of Iran has hastened the normalisation process with Damascus, a worsening of these relations could have direct negative impacts on those between Riyadh and Damascus. Both Saudi Arabia and Iran have interests in maintaining good relations with one another, particularly with the Israeli war on the Gaza Strip. But this war and its regional impacts are also an obstacle to further improvements of relations between Damascus and Riyadh, as the latter expects an end to the war before taking significant political decisions on the way forward regarding its regional policies.

4

POPULAR CRITICISM OF THE GOVERNMENT'S PRIORITISATION OF TOURISM PROJECTS

This focus on the tourism industry and investments in the sector supported by the Syrian government has not come without criticism from within the country. As early as 2014, in the height of the civil war, the Syrian Prime Minister Wael Halqi inaugurated several upscale retail and tourism projects in the coastal city of Tartous. The projects had a combined worth of USD 100 million, including a 30,000 square-metre commercial mall that cost around SYP 10 billion (equivalent to USD 52 million at the time) owned by Syrian businessman Ali Youssef Nada. These inaugurations angered many partisans of Bashar al-Assad, who considered these projects indecent against the devastation experienced by so many citizens and the mounting deaths of soldiers fighting in the Syrian Arab Army (SAA). Sectors of the local populations identifying themselves as government supporters accused the regime of abandoning them. As one indignant comment on a pro-regime Facebook stated, "approximately 60% of the population of Tartous cannot afford to shop there [in the new Mall]".

In an article published in February 2022 during the tourism investment conference in Damascus, in which more than 70 tourism-related investment projects were presented, the al-Baath newspaper criticised the government's focus on the tourism sector. It questioned the prioritization of tourism while the socio-economic situation for the common citizen was worsening and other essential economic sectors, such as industry and service, were suffering from basic material deficiencies such as lack of fuel. Economic analyst Amer Shahda, who was interviewed in this article, stated that the government's priority should be to address citizens' socio-economic problems. Seeking to secure a place to sleep for a foreigner (tourist) in the absence of housing for displaced citizens was described as "a fantasy" and "just propaganda".

Policies in the tourism sectors are primarily oriented to the interests of wealthy members of the Syrian diaspora who possess high purchasing power, and do not seek to serve the wider Syrian population. Most of the tourist sites are indeed unaffordable for most citizens. In Latakia, rates for single and double rooms (inclusive of breakfast) in five star hotels, whether private or state owned, is around three times the average monthly salary of a public sector employee in Syria. Even sites designated for "popular tourism" were not accessible for the vast majority of Syrians.

The cost of one night in a 4-person chalets in the cities of Latakia and Tartous were at minimum SYP 80,000 (equivalent to USD 12.2) in the summer 2023, which represented at the time half of the average monthly salary of a public employee, and made it hard for the large majority of Syrian families to afford vacation in such establishments.

These rates and prices must also be considered in light of the worsening social and economic situation across the country. According to the Humanitarian Needs Overview, 16.7 million people (8.4 million female, 8.3 million male) were in need of humanitarian assistance in Syria in 2024, up from 15.3 million in 2023. Of the 16.7 million people in need, 5.5 million were displaced, including over 2 million who live in last resort sites. The growing needs of populations are exacerbated by weakened state and public institutions, a crumbling economy, persistent hostilities, and fragmentation of the social fabric. Meanwhile, the drop in international funding for Syria was worsening the humanitarian crisis.

5

CONCLUSION

There is still much to be done to re-develop the tourism sector in Syria. The regime's prioritisation of this sector nevertheless reveals some of the economic and political objectives sought by Damascus.

First, the focus on the development of tourism sector reflects a neoliberal economic orientation rooted in the strategy to accumulate capital rapidly, often at the detriment of productive sectors of the economy, and mostly benefiting the country's political and economic elites. The main targets of such projects are wealthy Syrians both at home and in the diaspora, while the wellbeing of popular classes unable to afford such sites are neglected. The tourism sector is attractive for investors because they do not need to put forward a lot of capital, while returns and profits in this sector are often rapid. Investments in the tourism sector, as well as in real estate and construction, are compatible with an economic system favouring commercial and speculative economies motivated by short-term profit. In the case of Syria, the sector has attracted investments by business personalities affiliated to the Presidential Palace, which has supported them to accumulate capital through largely illicit ways.

Second, the tourism industry has served as a tool to try break the isolation of the Syrian regime on the regional and international scenes, with the participation of the Minister of Tourism - often accompanied by other public and private actors representing the Syrian tourism industry - appearing at various regional and international exhibitions. Achievements have remained mostly symbolic in this field and have not yielded major diplomatic achievements for Damascus.

In conclusion, the Syrian regime's interest in the tourism sector should not be disregarded, but rather should be examined closely in order to understand the regime's rationale. The policies of the Syrian government to promote the tourism industry are faced with multiple obstacles ranging from economic challenges within the country to regional and international political constraints. To expect the tourism industry to play a major role in the economic future of Syria is probably misguided and rather reflects the continuous and deepening neoliberal orientation of the Syrian regimes and the pursuit of accumulation by elites, which actually contributes to the ever-worsening socio-economic inequalities in the country.

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ABOUT THIS STUDY

Despite more than a decade of war and massive destructions, the Syrian government has been implementing policies to re-develop its tourism industry in an attempt to attract wealthy Syrians living abroad, as well as regional and international tourists. This study explores the strategies adopted by the Syrian government to encourage tourism, with both short-term and medium-term impacts on the economic situation as well as the government's re-engagement with foreign actors. It particularly examines the development of the tourism industry in Syria under the rule of Hafez al-Assad from

1970 and the boom of the sector under his son Bashar al-Assad between 2000 and 2010. It also analyzes the Syrian government's strategies to re-develop the tourism industry in the wake of the war and returns made in terms of capital, profits and investments. And finally, it looks at the role of the Syrian Ministry of Tourism in accelerating the normalisation process with other countries as well as the limitations of the Syrian regime's policies in regard to the tourism sector and obstacles to achieving their objectives.

TOURISM IN SYRIA

Tool for Capital Accumulation and Political Normalisation



The focus on the development of tourism sector reflects a neoliberal economic orientation rooted in the strategy to accumulate capital rapidly, often at the detriment of productive sectors of the economy, and mostly benefiting the country's political and economic elites. The main targets of such projects are wealthy Syrians both at home and in the diaspora, while the wellbeing of popular classes unable to afford such sites are neglected. The tourism sector is attractive for investors because they do not need to put forward a lot of capital, while returns and profits in this sector are often rapid. Investments in the tourism sector, as well as in real estate and construction, are compatible with an economic system favouring commercial and speculative economies motivated by short-term profit. In the case of Syria, the sector has attracted investments by business personalities affiliated to the Presidential Palace, which has supported them to accumulate capital through largely illicit ways.



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